



**BUSINESS,  
COMMUNITY &  
WORKFORCE DEVELOPMENT  
PROGRAMS**

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# NEIGHBORHOOD PRESERVATION ACT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To provide an incentive for the rehabilitation or construction of owner-occupied homes in certain areas of the state.

### **AUTHORIZATION**

Sections 135.475 to 135.487, RSMo

### **ELIGIBLE AREAS**

"Qualifying Areas" include "distressed communities," as defined in 135.530, RSMo, and areas with a median household income of less than 70% of the median household income for the applicable MSA or non-MSA.

"Eligible Areas" with a median household income of 70% to 89% of the median household income for the applicable MSA or non-MSA.

### **ELIGIBLE APPLICANTS**

Any taxpayer who incurs eligible costs for a new residence or rehabilitates a residence for owner occupancy that is located in a designated area.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Department of Economic Development (DED) issues state tax credits to a homeowner who rehabilitates a home or to a homeowner or developer that constructs a new home for owner-occupancy in certain areas of the state.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

This credit's special attributes:

- Carry back 3 years
- Carry forward 5 years
- Sellable or transferable

### **FUNDING LIMITS**

The maximum credits available are \$8 million for Qualifying Areas and \$8 million for Eligible Areas.

The credits for a project are determined as follows:

- New Residences in Eligible Areas – 15% of eligible costs, tax credits cannot exceed \$25,000 per residence;
- New Residences in Qualifying Areas – 15% of eligible costs, tax credits cannot exceed \$40,000 per residence;

- Substantial Rehabilitation in Eligible Areas – 25% of eligible costs, minimum costs \$10,000, tax credits cannot exceed \$25,000 per residence;
- Substantial Rehabilitation in Qualifying Areas – 35% of eligible costs, minimum costs the greater of \$5,000 or 50% of the purchase price, tax credit cannot exceed \$70,000 per residence.
- Non-substantial Rehabilitation in Qualifying Areas – 25% of eligible costs, minimum costs \$5,000, tax credits cannot exceed \$25,000 per residence.

### **APPLICATION/APPROVAL PROCEDURE**

A pre-application is submitted to DED that includes cost estimates and scope of work. Applications will be accepted during an application cycle starting in September and ending in mid-November. The applications are granted preliminary approval based on a lottery process.

### **REPORTING REQUIREMENTS**

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

### **SPECIAL PROGRAM REQUIREMENTS**

Tax credits may not be claimed in addition to any other state tax credits, with the exception of the Historic Preservation tax credit authorized by sections 253.545 to 253.561, RSMo. If Historic Preservation tax credits are claimed, the maximum available credits under this program will be the lesser of 20% of the eligible costs or \$40,000.

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# PRIVATE ACTIVITY BOND ALLOCATION

## "TAX-EXEMPT" BOND CAP

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Provides lower-interest financing for certain types of projects.

#### **AUTHORIZATION**

Internal Revenue Code of 1986, as amended,  
Codified at 26 U.S.C. §§ 141 to 150  
Sections 108.500 to 108.532, RSMo

#### **ELIGIBLE AREAS**

Statewide.

#### **ELIGIBLE APPLICANTS**

Certain state agencies, cities, counties and industrial development authorities.

#### **ELIGIBILITY CRITERIA**

Details about eligible bonds are in the federal tax code. It is very important that determinations of eligibility be made only after consulting the applicable federal law.

For general informational purposes, the types of projects for which tax-exempt bond cap may be allocated include:

- Multi-family housing (MFH) and/or elderly rental housing for low income residents;
- Small manufacturing facilities;

Note: The Stimulus Act expands the use of IDBs issued in 2009 and 2010 to include any facility used in the manufacturing, creation, or production of tangible or intangible property.

- First-time farmers;
- "Utility" projects, including water, sewer, electric and gas;
- Bonds issued to finance student loans; and
- Bonds issued to provide loans for home ownership.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The federal tax code authorizes each state an allocation of tax-exempt bond cap. The amount is based upon the state's population in the preceding year.

In Missouri, the Department of Economic Development (DED) has the authority to allocate the tax-exempt cap to projects.

Because there is no tax on interest earned by the holders of tax-exempt bonds, the interest rate is typically lower than conventional financing, including taxable bonds.

#### **FUNDING LIMITS**

Missouri's cap for 2009 is \$532,044,450.

#### **APPLICATION/APPROVAL PROCEDURE**

- Once the issuing entity has passed an inducement resolution, an application is submitted to DED. Applications are accepted year-round.
- An application fee made payable to the Missouri Economic Development Advancement Fund is due at the time the application is submitted:
  - \$250.00 for allocation requests up to \$5 million
  - \$500.00 for allocation requests between \$5 million and \$10 million
  - \$1,000.00 for allocation requests over \$10 million
- For Industrial Revenue Bond (IRB) projects only, a copy of the local Industrial Development Authority (IDA) application or relevant job, wage, and investment data must be submitted with the application.
- A "hold letter" is typically issued to every applicant pending a decision by the department.
- For Multi-Family Housing projects: Housing projects should first apply to the Missouri Housing Development Commission (MHDC), following their procedures and deadlines. MHDC will recommend projects to DED for approval.
- A decision is made on a case-by-case basis.
- An allocation letter is issued if appropriate.
- The allocation is good for 60 days from the date of the letter. A 30-day extension can be granted.
- Upon issuance of the bonds, the issuer must notify DED both by telephone (no later than the next business day) and submit a report of issuance by overnight courier or certified mail (no later than five calendar days from issuance).
- An issuance fee made payable to the Missouri Economic Development Advancement Fund is due and payable at closing and remitted to DED within 30 days:
  - For an issuance up to \$2 million: 5 basis points (amount x .05%)



- For an issuance over \$2 million: 10 basis points (amount x .10%)

### **REPORTING REQUIREMENTS**

Annual activity reports must be filed no later than January 31st of the year following issuance.

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### **MISSOURI DEVELOPMENT FINANCE BOARD**

MDFB is one statewide issuer of various types of tax-exempt bonds, including some for small manufacturing facility projects. Additional information about the programs and services provided by MDFB can be found at [www.mdfb.org](http://www.mdfb.org).

### **MISSOURI HOUSING DEVELOPMENT COMMISSION**

MHDC receives bond cap for its "Mortgage Revenue Bond Program", in which the Commission partners with participating lenders to offer eligible first-time homebuyers lower interest rates.

MHDC is also an issuer for some MFH projects, and has several other programs directed toward the rehabilitation or development of affordable housing in Missouri.

For more information about the programs and services provided by MHDC, visit their web site at [www.mhdc.com](http://www.mhdc.com).

### **MISSOURI HIGHER EDUCATION LOAN AUTHORITY**

MOHELA typically receives bond cap. The savings from the tax-exempt bond financing helps allow the Authority to offer benefits such as reduced interest rates in its Rate Relief and Public Service Reward programs. MOHELA's web site is [www.mohela.com](http://www.mohela.com).

### **MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY**

The Authority receives bond cap to underwrite loans to first time farmers for acquisition of land, equipment or breeding livestock. Visit its web site at [www.mda.mo.gov](http://www.mda.mo.gov) for more information on the "Beginning Farmer Loan Program."

### **ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY**

EIERA is a statewide issuer for some energy and environmental projects. Visit its web site at [www.dnr.mo.gov/eiera](http://www.dnr.mo.gov/eiera) for more information.

### **LOCAL ENTITIES**

There are many local entities, such as industrial development authorities, that can issue tax-exempt bonds. Contact the city government of the location of your proposed project for more information.

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# DEVELOPMENT TAX CREDIT PROGRAM

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To facilitate a business project in order to create new jobs.

The Development Tax Credit Program (DTC) offers state tax credits to taxpayers making contributions to a not-for-profit corporation (NFP) for projects approved by the Department of Economic Development (DED). The credits are for 50% of the contribution of cash or the value of certain types of property.

### **AUTHORIZATION**

Sections 32.100 to 32.125, RSMo

Regulations: 4 CSR 85-2.015, 2.030 to 2.040

### **ELIGIBLE AREAS**

Statewide, but the project must be located or qualify as a "blighted" or "conservation" area as defined in Tax Increment Financing (§99.805, RSMo), an enterprise zone (Ch. 135.200 et seq., RSMo), or an urban redevelopment area (Ch. 353, RSMo).

### **ELIGIBLE APPLICANTS**

Generally, manufacturing, processing or assembly projects that propose wages above the average for the area and provide health benefits are prioritized.

Other types of projects may be considered for approval if tax credits remain near the end of the state fiscal year.

There must be a positive economic benefit to the state. This calculation includes other state incentives provided for the project, and new public costs necessary to support the project.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

The DTC program may be used for the acquisition of land or buildings through the purchase from cash contributions or donation of real estate. The acquisition of new or used machinery and equipment is also eligible if it is to be placed in an existing building.

This credit's special attributes:

- Carry forward 5 years
- Sellable or transferable

### **FUNDING LIMITS**

The amount of tax credits available for a single project:

- Is limited to the lesser of \$500,000, or \$10,000 per full-time, permanent job created by the business within two years of execution of the lease; and
- Must be the least amount necessary to cause the project to occur.

Credits authorized under this program are limited to \$4,000,000 per fiscal year.

### **APPLICATION/APPROVAL PROCEDURE**

- Applications will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on compliance with all program criteria, the need for this program to make a project feasible, a positive economic impact on the state and the availability of tax credits.
- The company cannot make a public announcement of the project prior to DED's contingent approval of an application.
- The not-for-profit (NFP) submits application documents to DED. If DED approves the request, a letter will be sent to the sponsor and company.

A DTC Agreement is executed between DED, the company and the not-for-profit. A lease agreement is executed between the company and the NFP. After the contribution is made, DED will issue tax credit certificates to the contributor.

### **REPORTING REQUIREMENTS**

For three years following the year of the first issuance of tax credits, a Tax Credit Accountability Act Reporting form is sent out by the DED. It must be filled out and received back by June 30 to avoid penalties.



## ***SPECIAL PROGRAM REQUIREMENTS***

- The NFP must retain ownership of all properties acquired by the contribution for a minimum of five years. DED may allow a longer lease period depending on the needs of the project.
- The eventual disposition of properties acquired by the contribution will be no less than 75% of the fair market value of the facility, excluding the value of leasehold improvements.
- The amount of the lease payments will be determined by DED based on the following:
  - costs of the non-profit to operate and maintain the subject assets (if any); and
  - the amount of tax credits issued. In most cases, the NFP will provide DED the lease payments received in an amount to repay the tax credits plus interest.
- Only not-for-profit organizations authorized to operate in Missouri and headquartered in the geographic area of the proposed project are eligible recipients of DTC approved contributions. The business that will lease property from the NFP cannot have significant representation on the NFP's board.
- Ineligible NFP's include: churches and their denominational headquarters, units of government and any affiliated organization under their direct supervision, partisan organizations and public or tuition-based private schools.

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# ENHANCED ENTERPRISE ZONE TAX BENEFIT (EEZ)

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide tax credits to new or expanding businesses in a Missouri Enhanced Enterprise Zone.

### **AUTHORIZATION**

Sections 135.950 to 135.973, RSMo

### **ELIGIBLE AREAS**

Enhanced Enterprise Zones are specified geographic areas designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development.

### **ELIGIBLE APPLICANTS**

An eligible business must be located in a Missouri Enhanced Enterprise Zone (EEZ). Individual business eligibility will be determined by the zone, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Service industries can be eligible if a majority of their annual revenues will be derived from services provided out of the state. Headquarters or administrative offices of an otherwise excluded business may qualify if the offices serve a multi-state territory. The company cannot have been announced or construction started prior to the approval process. See application for complete information.

#### ***Ineligible Applicants:***

Gambling establishments (NAICS group 7132)  
Retail trade (NAICS sectors 44 & 45)  
Educational services (NAICS sector 61)  
Religious organizations (NAICS group 8131)  
Public administrators (NAICS sector 92) and  
Food and drinking places (NAICS subsector 722) are prohibited by statute from receiving the state tax credits.

### **ELIGIBILITY CRITERIA**

The Enhanced Enterprise Zone program is a discretionary program offering state tax credits, accompanied by local real property tax abatement, to Enhanced Business Enterprises. Tax credits may be provided each year for five tax years after the project commences operations.

To receive tax credits for any of the years, the facility must create and maintain the minimum:

- New or expanded business facility – 2 new employees and \$100,000 new investment;
- Replacement business facility – 2 new employees and \$1,000,000 new investment
- Health insurance at all times, of which at least 50% is paid by the employer.

Eligible investment expenditures include the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same. Inventory is not eligible.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax

Tax credits can only be applied to tax liability for the year in which they were earned. The tax credits are refundable or may be transferred, sold or assigned. The sale price cannot be less than 75% of the par value of such tax credits.

### **FUNDING LIMITS**

Tax credits will be an amount authorized by DED, based on the state economic benefit, supported by the number of new jobs, wages and new capital investment that the project will create.

Tax credits issued under this program are limited to \$24,000,000 annually, effective August 28, 2008.



### **APPLICATION/APPROVAL PROCEDURE**

DED must first offer program benefits to the business in the form of a formal proposal. The company must return the accepted proposal within 90 days of the proposal date.

The company must submit the Notice of Intent (NOI), (Application & guidelines, pages 7-9), and receive the Approval Letter before the start of construction, and/or purchase of machinery and equipment. NOIs will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on compliance with all program criteria.

### **REPORTING REQUIREMENTS**

#### ***Annual Application for Tax Credits –***

The facility must file the Annual Application for Tax Credits and supporting documents each year for calculation of the facility's state tax benefits. See page 10 of the application for a list of requirements. The deadline for submitting the Annual Application for Tax Credits is during the tax period immediately after the tax period for which the credits are being requested.

#### ***SB 1099 Reporting –***

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

### **SPECIAL PROGRAM REQUIREMENTS**

Applicants must be eligible for and receive at least ten years' local property tax abatement at 50% pursuant to the local enhanced enterprise zone plan.

Projects relocating employees from one Missouri location to another Missouri location must obtain the endorsement of the governing body of the community from which the jobs are being relocated and include this endorsement with the Notice of Intent.

A business cannot earn tax credits under this program if earning Enterprise Zone, Business Facility, Quality Jobs, Rebuilding Communities or Brownfield Jobs and Investment tax credits for the same project for the same tax period.

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# FILM PRODUCTION TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

State tax credits are issued to a qualified film production company for up to 35% of the amount expended in Missouri for production or production-related activities to facilitate film production in Missouri.

### **AUTHORIZATION**

Sections 135.750, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any film production company with an expected in-state expenditure budget of at least \$100,000 for films over 30 minutes in length, and at least \$50,000 for films under 30 minutes in length.

### **ELIGIBILITY CRITERIA**

A film production company claiming the credit must first apply to the Department of Economic Development. A particular film will be eligible to receive the tax credit based on the amount of funds still withstanding for that particular year. Prior to the approval, the department will also look at the economic impact in determining whether the particular project would be a good fit for the tax credit.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

This credit's special attributes:

- Carry forward 5 years
- Sellable or transferable

Only those Missouri expenditures necessary for the production of the film are eligible. Such expenditures may include, but are not limited to, the costs of labor (Missouri residents only), services, materials, equipment rental, lodging, food, location fees and property rental.

### **FUNDING LIMITS**

The entire film production tax credit program is capped at \$4.5 million.

### **APPLICATION/APPROVAL PROCEDURE**

Due to a finite amount of tax credits available, DED has established a procedure whereby tax credits may be set aside for a given film project by the submission of an application that provides estimates for the company's Missouri expenditures on the project. Based upon these estimates and any other relevant information, DED may reserve a given amount of tax credits for the project (for a given period of time). If it appears at any time that a project may be significantly delayed, then DED may review the project and, if warranted, reclaim those reserved credits and apply them elsewhere.

In the application form, DED will ask for estimates on the amount of money to be spent in Missouri, as well as projected dates for establishing the production office and the first day of principal photography. These dates will be used in determining the length of time for which tax credits may be reserved for the project, as well as the likelihood that the project will actually be produced in Missouri.

### **REPORTING REQUIREMENTS**

Certain tax credit recipients are required to annually report to the DED information pertaining to the project that received the tax credits. The statute requires that a full year pass after the issuance of the tax credits before SB1099 reporting requirements must be met.

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits, including the following information:

- Category of business by size
- Address of the business headquarters
- Addresses of all offices located within this state
- Number of employees at the time of the annual update
- Updated estimate of the number of employees projected to increase as a result of the completion of the project
- The estimated or actual project cost



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# MISSOURI EXPORT FINANCE

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The Missouri Export Finance Program is a cooperative effort of the Missouri Department of Economic Development, Division of Business and Community Services, and the Missouri Development Finance Board.

The mission of the program is to assist Missouri companies to obtain export finance and export credit insurance to increase sales internationally.

### **AUTHORIZATION**

Sections 620.170 to 620.174, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Missouri companies.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The program focuses on existing finance and insurance programs provided by several key federal and international agencies:

- **The Export-Import Bank of the United States (Ex-Im)** is an independent U.S. government agency, which helps to finance and facilitate the export of U.S. goods and services. Ex-Im Bank's programs are geared specifically for small business. Ex-Im Bank assists U.S. exporters in meeting officially supported foreign credit competition. Ex-Im Bank assumes risks not commonly assumed by other lenders and exporters. Ex-Im Bank also provides financing to foreign buyers of U.S. goods and services when private lenders refuse to finance those export sales. Ex-Im Bank does not compete with private financial institutions and only offers assistance if an export credit transaction cannot take place without its help.

There are three main Ex-Im Bank programs:

- **Export Working Capital Guarantees**
- **Export Credit Insurance**
- **Foreign Buyers Loan Guarantees**

The Small Business Administration (SBA) and Ex-Im Bank combine their efforts in the **Export Working Capital Program (EWCP)**, which provides working capital to fulfill export sales. With this program, a company can

arrange a loan from a commercial lender, guaranteed by either the Ex-Im Bank or the SBA.

The EWCP supports export financing to small businesses when financing would not otherwise be available on acceptable terms. The EWCP encourages lenders to offer Export Working Capital loans to exporters by guaranteeing repayment of at least 90 percent of such loans. A loan can support a single transaction or multiple sales on a revolving basis. The International Business Manager can help you package your loan request. Alternatively, you can access the EWCP in two ways. If you are already working with a bank, you can request that your lender apply to the SBA for a preliminary commitment (PC) or to the Ex-Im Bank for a Letter of Interest. The Letter of Interest will manifest the Ex-Im Bank's interest in the transaction. The PC from the SBA will state the specified terms and conditions under which the SBA will provide the guarantee. With the preliminary commitment and the Letter of Interest in hand, the exporter may be able to find a bank that is interested in the transaction.

**Ex-Im Bank's Export Credit Insurance** protects the credit you extend to buyers by insuring the receivables. The Ex-Im Bank's short- and medium-term export credit insurance covers the risk of buyer nonpayment for most commercial and political reasons.

**Ex-Im Bank's Foreign Buyers Loan Guarantees** assist creditworthy international businesses with purchasing U.S. goods and services by guaranteeing lender repayment. Ex-Im Bank will support up to 85 percent of the contract amount for goods that have at least 51 percent of U.S. content after a cash payment of at least 15 percent.

- **Overseas Private Investment Corp. (OPIC)** supports, insures and finances sound U.S. investments that foster private initiative and competition, significantly benefiting the social and economic development of the host country. OPIC provides political insurance that covers loss of investments due to expropriation, nationalization or confiscation by the host government, currency inconvertibility, and loss of assets or income due to political violence. The International Business Manager can assist companies to register with OPIC to use the programs provided.



- **U.S. Trade and Development Agency (TDA)** helps to create American jobs by aiding U.S. companies that pursue overseas business opportunities. Through the funding of feasibility studies, orientation visits, specialized training grants, business workshops and various forms of technical assistance, TDA helps U.S. businesses compete for infrastructure and industrial projects in emerging markets.
- **The World Bank Group** is a multilateral lending agency of four closely associated institutions: the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multilateral Investment Guarantee Agency. The International Business Manager can give tips and guidance on obtaining World Bank contracts.
- **Global Technology Network (GTN)** is operated and administered by the U.S. agency for International Development. GTN is a trade lead/business-matching program that facilitates the transfer of U.S. technology and services to developing countries.

### **FUNDING LIMITS**

There are no limits on funding for Ex-Im Bank and OPIC programs.

SBA Working Capital Guarantee – a limit of \$2 million.

SBA Export Express – a limit of \$150

Maximum Percentage of amount per program:

- Ex-Im Bank Credit insurance – 100% of cost with profit
- Ex-Im Bank Export Working Capital - 90% of actual costs, no profit margin included
- Ex-Im Bank Loan Guarantee – 85% of project cost
- SBA Export Working Capital – 90% of actual cost, no profit margin included
- SBA Export Express - 85%

### **APPLICATION/APPROVAL PROCEDURE**

All programs are discretionary and require approval from the authorizing agency.

With the exception of the Ex-Im Bank Loan Guarantee program, where the application is made by the importer, all applications must be made by the exporter or the U.S. lending institution.

### **REPORTING REQUIREMENTS**

All programs require annual reporting.

### **SPECIAL PROGRAM REQUIREMENTS**

Ex-Im Bank programs require 51% U.S. content in goods and services.

OPIC programs require 51% ownership by U.S. citizen.

### **CONTACT**

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# MISSOURI QUALITY JOBS

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### PURPOSE

Facilitate the creation of quality jobs by targeted business projects.

### AUTHORIZATION

Section 620.1875-620.1900, RSMo

### ELIGIBLE AREAS

Statewide.

### ELIGIBLE APPLICANTS

For-profit and non-profit businesses [except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, and public administration companies or businesses that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy.] Headquarters or administrative offices of otherwise excluded businesses that serve a multi-state area may qualify in some cases. The average wage of the new jobs must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium for all full-time employees in Missouri.

- **Average Wage:** Total annual payroll of the new jobs divided by the average annual number of new jobs.

### ELIGIBILITY CRITERIA

The business must create a minimum number of new jobs at the project facility prior to the "deadline" date, based on the type of project:

- **Small/Expanding businesses:**
  - Rural areas: 20 or more new jobs within two years of the date of DED's approval.
  - Non-rural areas: 40 or more new jobs within two years of the date of DED's approval.

*\*Non-rural areas include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.*

- **Technology businesses** (classified by NAICS codes):
  - 10 or more new jobs within two years of the date of DED's approval.
- **High Impact businesses:**
  - 100 or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of DED's approval.

### PROGRAM BENEFITS/ELIGIBLE USES

For "Small/Expanding" businesses, the benefit of the program is the retention of the state withholding tax of the new jobs.

For "Technology" and "High Impact" businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable and/or sellable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum

new job threshold is met and the company meets the average wage and health insurance requirements.

This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). Tax credits can only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

The program benefits are calculated as follows:

- **Small/Expanding businesses:**  
Retain 100% of the withholding tax of the new jobs, each year for the benefit period of:
  - Three years - if the average wage of new jobs is 100-119% of county average wage; or
  - Five years - if the average wage of new jobs is at least 120% of county average wage.
- **Technology businesses:**
  - 5% of the payroll of the new jobs each year for five years; plus:
  - "Average Wage Bonus"
- **High Impact businesses:**
  - 3% of the payroll of the new jobs each year for five years; plus:
  - "Average Wage Bonus"
  - "Local Incentives Bonus"
- **"Average Wage Bonus" (company average wage as a % of county average wage):**
  - Greater than 120% and up to 140%: 1/2% bonus of payroll of the new jobs.
  - Greater than 140%: 1% bonus of payroll of the new jobs.
- **"Local Incentives Bonus" (amount of local incentives provided to the project as a % of the amount of new local tax revenues derived from the project, over 10 years):**
  - 10-24%: 1% bonus of payroll of the new jobs.
  - 25-49%: 2% bonus of payroll of the new jobs.
  - 50% or more: 3% bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new benefit period for the net new jobs created. There is no limit on the number of benefit periods a company may use the program, as long as a new Notice of Intent is completed and minimum new job thresholds and other program qualifications are met.

"New jobs" are defined as full-time (average 35 or more hours/week each year) employees of the company that are employed at the project facility, based on the increase from the "base employment" (the number of full-time jobs at the facility, or the average number for the twelve-month period prior to the Notice of Intent, whichever is higher, on the date DED receives the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

### FUNDING LIMITS

There is no annual cap on the retained withholding taxes. Tax credits issued for the



entire program shall not exceed \$80,000,000 per calendar year, and are provided on a first-come basis.

## APPLICATION/APPROVAL PROCEDURE

An application ("Notice of Intent") may be submitted at any time of the year by the business to DED. Applications may be obtained at [www.missouridevelopment.org](http://www.missouridevelopment.org). DED's approval will:

- Confirm that the type of project/business is eligible.
- Establish the date "base employment" is calculated.
- Reserve the estimated tax credits for the project.
- Establish the 2-year "deadline" date for the creation of the minimum new jobs to be eligible for the program.

## REPORTING REQUIREMENTS

On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs. In the event that a company has not maintained the minimum program requirements, benefits will cease for the remainder of the benefit period. A high-impact project may continue as a small/expanding project as long as new jobs and other program requirements are met.

## SPECIAL PROGRAM REQUIREMENTS

A business cannot earn benefits simultaneously at the project facility under this program if earning benefits under any of the following state programs:

- Missouri Enterprise Zone program or Enhanced Enterprise Zone program
- Business Facility program
- Rebuilding Communities program
- Brownfield Jobs and Investment tax credits

Special conditions apply when Quality Jobs is used at the same time as other programs that affect state withholding taxes (New Jobs Training, State TIF, MODESA).

Estimated state withholding taxes, based on adjusted gross income ("AGI"):

- AGI of \$19-25,000: 1.4%
- AGI of \$25-30,000: 2.3%
- AGI of \$30-35,000: 2.5%
- AGI of \$35-40,000: 2.7%
- AGI of \$40-50,000: 2.9%
- AGI of \$50-70,000: 3.1%
- AGI of \$70-85,000: 3.3%
- AGI of \$85-100,000: 3.4%
- AGI of \$100,000+: 3.7%

County average wages (effective until 7/1/10):

*Average county wages are based on Census of Employment and Wages, MERIC. Updates to be made annually. Use 2,080 hours per year when converting from annual to hourly wages.*

*\*The average wage for the City of St. Louis was adjusted for the purposes of this program to more accurately reflect wage rates for 2008. After review of all counties, one time severance payments were determined to have an unusually large impact on average wage calculations for the city.*

*• Statewide average of \$40,710 applicable to any county over the statewide average when determining program eligibility.*

*• The wage represents an average for all private industries.*

*• If a project is moving from one Missouri county to a county with a lower county average wage, the company must obtain endorsement from the governing body of the community where the jobs are located, or the higher county average wage will be used for calculations.*

County	Average Annual Wage	County	Average Annual Wage	County	Average Annual Wage
ADAIR	\$24,561	GREENE	\$33,571	OZARK	\$18,966
ANDREW	\$24,736	GRUNDY	\$30,720	PEMISCOT	\$25,877
ATCHISON	\$23,554	HARRISON	\$20,791	PERRY	\$29,040
AUDRAIN	\$29,787	HENRY	\$27,855	PETTIS	\$28,862
BARRY	\$28,865	HICKORY	\$16,962	PHELPS	\$27,357
BARTON	\$24,624	HOLT	\$25,104	PIKE	\$28,842
BATES	\$23,335	HOWARD	\$22,082	PLATTE	\$38,450
BENTON	\$20,623	HOWELL	\$25,896	POLK	\$24,273
BOLLINGER	\$22,399	IRON	\$42,504	PULASKI	\$23,662
BOONE	\$30,709	JACKSON	\$45,424	PUTNAM	\$20,819
BUCHANAN	\$33,196	JASPER	\$31,754	RALLS	\$33,832
BUTLER	\$26,838	JEFFERSON	\$29,945	RANDOLPH	\$28,778
CALDWELL	\$26,188	JOHNSON	\$25,049	RAY	\$25,857
CALLAWAY	\$34,567	KNOX	\$22,117	REYNOLDS	\$28,496
CAMDEN	\$26,082	LACLEDE	\$26,891	RIPLEY	\$19,005
CAPE GIRARDEAU	\$31,939	LAFAYETTE	\$25,983	ST CHARLES	\$37,137
CARROLL	\$28,315	LAWRENCE	\$27,237	ST. CLAIR	\$21,593
CARTER	\$17,028	LEWIS	\$26,190	STE. GENEVIEVE	\$35,543
CASS	\$28,586	LINCOLN	\$30,674	ST. FRANCOIS	\$25,130
CEDAR	\$22,103	LINN	\$26,687	ST LOUIS CO	\$49,192
CHARITON	\$25,160	LIVINGSTON	\$27,587	SALINE	\$27,263
CHRISTIAN	\$25,693	MCDONALD	\$26,387	SCHUYLER	\$21,682
CLARK	\$21,964	MACON	\$24,864	SCOTLAND	\$20,150
CLAY	\$42,025	MADISON	\$23,800	SCOTT	\$28,275
CLINTON	\$27,564	MARIES	\$26,481	SHANNON	\$18,113
COLE	\$34,391	MARION	\$29,129	SHELBY	\$23,694
COOPER	\$26,049	MERCER	\$25,460	STODDARD	\$26,662
CRAWFORD	\$29,319	MILLER	\$25,947	STONE	\$23,945
DADE	\$24,972	MISSISSIPPI	\$23,646	SULLIVAN	\$33,853
DALLAS	\$21,324	MONITEAU	\$24,866	TANEY	\$24,761
DAVIESS	\$21,082	MONROE	\$25,310	TEXAS	\$22,989
DEKALB	\$23,342	MONTGOMERY	\$25,251	VERNON	\$27,744
DENT	\$26,240	MORGAN	\$22,244	WARREN	\$29,086
DOUGLAS	\$29,076	NEW MADRID	\$35,103	WASHINGTON	\$21,534
DUNKLIN	\$21,595	NEWTON	\$32,547	WAYNE	\$19,964
FRANKLIN	\$31,612	NODAWAY	\$29,017	WEBSTER	\$25,914
GASCONADE	\$23,372	OREGON	\$19,767	WORTH	\$18,385
GENTRY	\$22,781	OSAGE	\$27,888	WRIGHT	\$23,703
				ST LOUIS CITY	\$51,990*

## CONTACT

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# NEW ENTERPRISE CREATION ACT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To generate investment for new, startup Missouri businesses that have not developed to the point where they can successfully attract conventional financing or significant venture capital from later-stage funds.

### **AUTHORIZATION**

Sections 620.635 – 620.653 RSMo.

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS FOR INVESTMENT**

Any independently owned and operated business that is headquartered and located in Missouri and maintains a Missouri headquarters for at least three years.

### **ELIGIBILITY CRITERIA**

The business must be involved in commerce for the purpose of production, conducting research and development or providing services in interstate commerce. The focus is on businesses in the startup or development phase.

Prolog Ventures, LLC (Prolog) is seeking businesses based upon proprietary technology with the potential to develop a strong intellectual property position. Areas of interest include medical devices and diagnostics, human and agricultural biotechnology and biomedical IT. Of potential interest are instruments, photonics, new materials and software.

Businesses that are excluded from investments include retail and consumer, real estate, oil and gas, minerals, telecom networks, Internet portals and publishing and consumer-oriented IT.

The business should have no positive cash flow in the prior fiscal year. Revenue oriented companies should target at least \$30 million in revenues in five years. Businesses whose valuation is not dependent upon revenues will be evaluated according to its potential for valuation increases upon attaining milestones. The business should be willing to provide a non-confidential summary and hold initial discussions on a non-confidential basis.

The business must maintain its headquarters in Missouri for a period of at least three years from the date of the qualified investment or be subject to penalty.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Department of Economic Development (DED) will issue tax credits equal to 100% of the investment in a qualified fund to any accredited individual, corporation, partnership or financial institution that makes a qualified investment. **At this point all credits under the law have been authorized and all investments have been identified.**

The Missouri Seed Capital Investment Board was created to establish a qualified fund. The Board is comprised of thirteen members, eight of which are appointed by the Governor.

Prolog was selected by the Board as the Fund Manager to raise the contributions and manage the investments of the fund. Prolog entered into a contract with the four Innovation Centers, as required by statute. Investors in the qualified fund will also be required to invest in a non-qualified parallel fund that will make investments in Missouri and surrounding states. Prolog will make investments in qualified Missouri businesses in need of early-stage or “seed” funding.

Investments made through this program may be used for research; development and precommercialization activities to prove a concept for a new product, process or service; preproduction product development; service development; or initial marketing of a product.

DED provides the investor a tax credit equal to 100% of their investment in the qualified fund. The tax credit may then be used to offset state income tax (chapter 143, RSMo), corporate franchise tax (chapter 147, RSMo) or financial institution tax (chapter 148, RSMo) liability, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo.

DED may authorize up to \$20 million in tax credits for use by the qualified fund, with no more than \$5 million of tax credits being issued in any one year. Tax credits may be claimed for the tax year in which the qualified contribution is made or in any of the following ten years. Tax credits may be sold and transferred to another taxpayer having tax liability.

### **FUNDING LIMITS**

The Prolog Funds will typically invest between \$500,000 and \$1,500,000 in a single business. They have the potential to invest \$2,000,000-\$3,000,000 at the maximum.

No more than 10% of all of the qualified contributions to a qualified fund may be invested in a single qualified business.



Investments shall not be provided to any business that has experienced positive cash flow in a past fiscal year, with the exception of follow-up capital limited to qualified businesses that previously received qualified investments. No more than 40% of qualified contributions may be used for follow-up capital purposes.

#### **APPLICATION/APPROVAL PROCEDURE (BUSINESS)**

The business seeking an investment should send Prolog a non-confidential executive summary of their business plan. Applicants will be contacted directly by Prolog regarding their level of interest and any subsequent steps that are required. DED does not have the authority to require the Fund Manager to fund a project.

#### **APPLICATION/APPROVAL PROCEDURE (INVESTOR)**

Accredited investors should contact Prolog directly. If accepted, the investor will be asked to fill out Missouri Form 620-635 and return the completed form to DED for approval and certification. DED will issue a tax credit certificate authorizing the applicant to claim the tax credit.

#### **FUND MANAGER**

Prolog Ventures, LLC  
7733 Forsyth, Suite 1440  
St. Louis, MO 63105  
Phone: 314-743-2400 Fax: (314) 743-2403  
Email: [info@prologventures.com](mailto:info@prologventures.com)

#### **SPECIAL PROGRAM REQUIREMENTS**

The seed capital and commercialization strategy was adopted by the Missouri Seed Capital Investment Board on June 23, 2000.

No qualified contributions which generate tax credits before the second round of tax credit allocations can be used for follow-up capital investments.

#### **CONTACT**

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# NEW MARKETS TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide supplemental funding for investment entities that have been approved for the Federal New Markets Tax Credit (NMTC) program in order to direct more funding to Missouri projects. The NMTC program provides state and federal tax credits to investors that make investments into approved funds, which will make investments in eligible projects located in low income census tracts in Missouri.

This program does not provide tax credits directly to businesses. Eligible businesses interested in obtaining funding should contact the approved "Community Development Entities" that are listed on the website below.

### **AUTHORIZATION**

Section 135.680, RSMo, enacted in 2007.

### **ELIGIBLE AREAS**

Low-income communities (LIC) are census tracts that have a poverty rate of 20% or more, or the median income is below 80% of the greater than (a) statewide median income; or (b) metropolitan median income.

### **ELIGIBLE APPLICANTS**

Community Development Entities (CDEs) which have been allocated federal New Markets Tax Credits for Missouri. The state New Markets Tax Credits are provided to investors which invest in the funds established by a CDE for projects in Missouri.

### **ELIGIBILITY CRITERIA**

A CDE may make an investment (loan or equity) into a **Qualified Active Low-Income Community Business (QALICB)**, which is any corporation (including a nonprofit corporation) or partnership which meets the following criteria for any taxable year:

- At least 50 percent of total gross income of the QALICB is derived within any Low-Income Community.
- A substantial portion of the use of the tangible property of the QALICB (whether owned or leased) is within any Low-Income Community.
- A substantial portion of the services performed of the QALICB by its employees are performed in any Low-Income Community.
- Less than 5 percent of the average of the aggregate unadjusted bases of the property of the QALICB is attributable to collectibles, other than collectibles that

are held primarily for sale to customers in the ordinary course of such business; and

- Less than 5 percent of the average of the aggregate unadjusted bases of the property of the QALICB is attributed to nonqualified financial property.

Any business that derives or projects to derive 15 percent or more of its annual revenue from the rental or sale of real estate shall not be considered to be a QALICB.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The tax credit amount shall be equal to the applicable percentage of the adjusted purchase price paid to the issuer of such qualified investment:

- 0% for each of the first 2 credit allowance dates;
- 7% for the third credit allowance date;
- 8% for the next four credit allowance dates

### **FUNDING LIMITS**

The amount of tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the tax credit is claimed.

The maximum state tax credit in any fiscal year for all CDEs is \$25 million. There is no limit per CDE, and state tax credits are allocated on a first come basis.

### **APPLICATION/APPROVAL PROCEDURE**

CDEs that have been certified by the Federal NMTC program are eligible to apply for the state NMTC program. The state application will be a two part process:

- The CDE submits an application to the Department of Economic Development (which is available on the website below).
- Once eligibility is determined, DED will send a preliminary approval letter to the applicant CDE, which will include an allocated amount of NMTC contingent upon qualified investments being made within 30 days of the date of the preliminary approval letter.
- If an approved CDE is not successful in gaining proof of the investment, the CDE will be required to reapply and will be required to obtain a commitment that secures the investment in the amount of the application to accompany the new submittal.



### **REPORTING REQUIREMENTS**

Twelve months from the date of the official allocation letter, the Applicant CDE must notify DED where the QEI was invested, provide adjusted purchase price, Senator and Representative information on where investment was made, and how much of a tax credit will be available for the taxpayer.

### **SPECIAL PROGRAM REQUIREMENTS**

- The tax credit is not refundable or transferable. Any amount of credit that cannot be used in the taxable year may be carried forward to any of the taxpayer's five subsequent taxable years.
- Tax credits earned by a partnership, limited liability company, S-corporation, or other "pass through" entity may be allocated to the partners, members or shareholders of such entity for their direct use in accordance with the provisions of any agreement among such partners, members, or shareholders.
- Qualified investments shall not be made following fiscal year 2010, unless the program is reauthorized by the general assembly.

### **CONTACT**

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### **CONTACTS FOR APPROVED COMMUNITY DEVELOPMENT ENTITIES**

See: <http://www.cdfifund.gov/awardees/db/index.asp>



# REBUILDING COMMUNITIES TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To stimulate business activity in Missouri's "distressed communities" by providing tax credits to eligible businesses that locate, relocate or expand their business within a distressed community.

### **AUTHORIZATION**

Section 135.535, RSMo.

### **ELIGIBLE AREAS**

Distressed communities only. For a list of cities and census block groups that are "distressed communities," visit DED's web site or call 573-751-0717.

### **ELIGIBLE APPLICANTS**

Businesses that locate, relocate or expand their business within a distressed area or distressed Missouri community.

### **ELIGIBILITY CRITERIA**

- Must have more than 75% of its employees at the facility in the distressed community.
- Must have fewer than 100 employees total at all facilities nationwide (before commencing operations or relocating).
- Primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming (including Internet, web hosting, and other information technology), telecommunications (wireless, wired or other), or a professional firm.

### **CATEGORIES OF BUSINESS**

#### **NEW OR RELOCATING BUSINESSES**

Eligible new or relocating businesses may choose one of the 40% Tax Credits and the employees may receive the 1.5% Employee Tax Credit.

#### **EXISTING BUSINESSES**

Eligible businesses already located in a distressed community may be eligible for the 25% Equipment Tax Credit. Existing businesses that double the number of full time employees in the distressed community from the previous year, may choose one of the 40% Tax Credits.

### **TAX BENEFITS AVAILABLE**

#### **40% INCOME TAX CREDIT**

State tax credit based on 40% of the amount of state income tax owed by the business.

#### **40% EQUIPMENT TAX CREDIT**

State tax credit based on 40% of the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high-speed telecommunications, wiring or software development expense in the calendar year.

#### **1.5% EMPLOYEE TAX CREDIT**

Employees of an eligible business may receive a tax credit against state individual income tax equal to 1.5% of their gross annual salary paid at the project facility. The business must receive one of the 40% Tax Credits each year for the employees to be eligible for this credit.

#### **25% EQUIPMENT TAX CREDIT**

State tax credit based on 25% of the amount of funds expended for eligible equipment in a taxable year that exceeds the average of the prior two years' expenditures for such equipment. Eligible expenditures include: computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high-speed telecommunications, wiring and software development.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The 40% Income Tax Credits and the 25% and 40% Equipment Tax Credits can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

And have these special attributes:

- Carry back 3 years
- Carry forward 5 years
- Sellable or transferable



The 1.5% Individual Tax Credit can be applied to:

- Ch. 143 – Individual income tax

And has this special attribute:

- Sellable or transferable

## **FUNDING LIMITS**

### **PROGRAM LIMIT**

- All credits: \$8 million/year
- 25% Equipment Tax Credits: \$750,000/year

### **PER BUSINESS LIMIT**

- 40% Income Tax Credit: \$125,000/year
- 25% and 40% Equipment Tax Credits: \$75,000/year

### **ELIGIBILITY PERIOD**

- 40% Equipment Tax Credit: Year of commencement of operations plus three calendar years thereafter
- 40% Income Tax Credit: Three tax years after the year of commencement of operations
- 1.5% Employee Tax Credit: Three tax years after commencement of operations

## **APPLICATION/APPROVAL PROCEDURE**

- New or relocating businesses should submit a Pre-Application to DED prior to commencing operations in the distressed community.
- Businesses applying for the 25% Equipment Tax Credit should submit a Pre-Application for each year that they intend to request tax credits.
- Applications for tax credits must be submitted to DED prior to February 15th of the calendar year following the year in which the credits were earned.
- Tax credits will be issued on a first-come, first served basis.

## **REPORTING REQUIREMENTS**

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

## **SPECIAL PROGRAM REQUIREMENTS**

A business can only earn the 40% Tax Credits under this program for one eligibility period.

No business can earn credits under this program if earning Missouri Quality Jobs, Enterprise Zone, Enhanced Enterprise Zone, Business Facility or Brownfield Jobs and Investment Tax Credits for the same project for the same tax period. If a project is eligible for more than one such program, the business must choose only one program.

## **CONTACT**

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# RECOVERY ZONE BONDS (RZB)

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The program was created to help local governments obtain financing for economic development projects in areas particularly affected by job loss.

### **AUTHORIZATION**

American Recovery and Reinvestment Act of 2009 (ARRA)  
Pub. L. No. 111-5, 123 Stat. 115 (2009)  
Sections 108.1000 to 108.1020 RSMo (HB 191)

### **ELIGIBLE AREAS**

Designated “recovery zones” are eligible for the program. The term “recovery zone” means: (1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (3) any area for which a designation as an empowerment zone or renewal community is in effect as of the date of the ARRA or February 17, 2009.

### **ELIGIBLE APPLICANTS**

Missouri counties (allocation designees) were provided allocation amounts (bond cap – see [www.ded.mo.gov](http://www.ded.mo.gov) for list) for both recovery zone economic development bonds and recovery zone facility bonds. Counties may provide bond cap to eligible bond issuing entities, including cities within their jurisdiction, or they may surrender bond cap to the state. Counties, cities, and other eligible bond issuing entities may apply to DED for reallocation of any available bond cap.

### **ELIGIBILITY CRITERIA**

Each RZB Allocation will be deemed waived on September 1, 2009 unless the Allocation Designee provides the Department with written Notice of Intent to Issue Recovery Zone Bonds stating the amount and type to be issued.

Each Allocation Designee must notify the Department in writing of the issuance of Recovery Zone Bonds, even where an Allocation Designee makes a further allocation of its RZB allocation to another public entity that will actually issue the Recovery Zone Bonds.

Any RZB Allocation that is not used by July 1, 2010 is automatically recaptured by DED for reallocation.

### **PROGRAM BENEFITS/ELIGIBLE USES**

There are two types of bonds issuable:

#### **Recovery Zone Economic Development Bonds**

Interest on Recovery Zone Economic Development Bonds is taxable, but the issuer of the obligation receives a cash subsidy funded by the United States Treasury equal to 45% of the total interest payable to investors. Recovery Zone Economic Development Bonds must be used for “qualified economic development purposes.” ARRA defines qualified economic development purposes as expenditures for promoting development or other economic activity in a recovery zone, including capital expenditures with respect to property located within the zone and expenditures for public infrastructure, public facilities, job training and educational programs.

#### **Recovery Zone Facility Bonds**

Recovery Zone Facility Bonds are tax-exempt private activity bonds that do not involve any direct subsidy payment, but instead offer lower interest rates typically associated with tax-exempt bonds. As a general rule, proceeds of these bonds can finance new capital improvements that will be owned and used by almost any industrial, commercial, retail, office or other business activity that is located in a designated recovery zone. Exceptions to this rule exist only for low income rental housing and certain specific property (airplanes, health clubs, liquor stores, race tracks, luxury boxes or gambling establishments). In addition, unlike Recovery Zone Bonds or Build America Bonds, debt service on these bonds can be funded directly by the private business that owns and uses the property.

### **FUNDING LIMITS**

Each of these bond programs is capped by an overall allocation amount. Allocation amounts can be found at [www.ded.mo.gov](http://www.ded.mo.gov).



## APPLICATION/APPROVAL PROCEDURE

Eligible applicants may apply to DED for reallocation of bond cap made available by surrender (waiver) or recapture.

### Applications will be received for an estimated three (3) rounds of funding:

Round 1 - Applications postmarked no later than September 30, 2009

Round 2 - Applications postmarked no later than March 1, 2010 \*

Round 3 - Applications postmarked no later than July 1, 2010 \*

\* Round 1 is a confirmed date. Deadlines for rounds 2 and 3 may be changed to address cap availability and demand.

### Criteria for Evaluation and Award

#### Economic Development Bonds:

- Number of beneficiaries
- Environmental impact
- Local effort
- Economic impact
- Economic distress of zone (previous job loss, average income, poverty levels)
- Project readiness
- Other compelling information that may be presented by the applicant

#### Facility Bonds:

- Number of jobs created
- Number of jobs retained
- Wages of jobs created or retained
- Economic distress of zone (previous job loss, average income, poverty levels)
- Project readiness
- Project competitiveness
- Amount of investment
- Economic impact
- Opportunities for spin-off jobs
- Other compelling information that may be presented by the applicant

### Application Information:

1. Applicants for reallocation of bond cap may be from any qualified issuing entity in the state.
2. Projects must be located in a Recovery Zone.
3. The local government must support the application.
4. Counties previously waiving bond cap may apply for reallocation and may receive priority for projects consistent with the evaluation criteria listed above.
5. There are no limits to the size of a reallocation request.
6. There are no limits for the number of requests for re-allocation of cap from any one county or eligible issuer.
7. DED will inform applicants for Recovery Zone Bond cap of the decision in writing.
8. Unsuccessful applicants in any round may resubmit for future rounds.

Rules for the Recovery Zone Bonds are scheduled to take effect September 28, 2009.

## CONTACT

### Missouri Department of Economic Development

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### MISSOURI DEVELOPMENT FINANCE BOARD

MDFB is one statewide issuer of various types of tax-exempt bonds, including some for small manufacturing facility projects. Additional information about the programs and services provided by MDFB can be found at [www.mdmb.org](http://www.mdmb.org).

### MISSOURI HOUSING DEVELOPMENT COMMISSION

MHDC receives bond cap for its "Mortgage Revenue Bond Program", in which the Commission partners with participating lenders to offer eligible first-time homebuyers lower interest rates.

MHDC is also an issuer for some MFH projects, and has several other programs directed toward the rehabilitation or development of affordable housing in Missouri.

For more information about the programs and services provided by MHDC, visit their web site at [www.mhdc.com](http://www.mhdc.com).

### MISSOURI HIGHER EDUCATION LOAN AUTHORITY

MOHELA typically receives bond cap. The savings from the tax-exempt bond financing helps allow the Authority to offer benefits such as reduced interest rates in its Rate Relief and Public Service Reward programs. MOHELA's web site is [www.mohela.com](http://www.mohela.com).

### MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY

The Authority receives bond cap to underwrite loans to first time farmers for acquisition of land, equipment or breeding livestock. Visit its web site at [www.mda.mo.gov](http://www.mda.mo.gov) for more information on the "Beginning Farmer Loan Program."

### ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

EIERA is a statewide issuer for some energy and environmental projects. Visit its web site at [www.dnr.mo.gov/eiera](http://www.dnr.mo.gov/eiera) for more information.

### LOCAL ENTITIES

There are many local entities, such as industrial development authorities, that can issue tax-exempt bonds. Contact the city government of the location of your proposed project for more information.



# CHAPTER 100 SALES TAX EXEMPTION, PERSONAL PROPERTY

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide a sales tax exemption on tangible personal property purchased through Chapter 100 bonds for non-manufacturing purchases.

### **AUTHORIZATION**

Section 144.054(2), RSMo, as enacted in Senate Bill 30 (2007).

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any company for which Chapter 100 bonds are issued that purchases personal property. Companies eligible for Chapter 100 bond financing include manufacturing, warehousing, distribution, office, research and development, agricultural processing, and services in interstate commerce. Retail, services in intrastate commerce and others are not eligible.

### **ELIGIBILITY CRITERIA**

The project cannot have been announced; bonds already approved/issued; or personal property already purchased. The project must:

- Involve competition with another state; therefore, a comprehensive state/local incentive proposal will be involved in an attempt to win the project;
- Have above-average wages with benefits, or be in an economically distressed or blighted area;
- Include local incentives provided to the project commensurate with the state incentives, relative to the new state/local tax revenues created by the project;
- Have a positive state fiscal benefit, including all the state incentives proposed for the project; and
- Have an indication that the city and county have approved the local sales tax exemption. (The local sales tax exemption may also be provided independent of the state sales tax.)

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Missouri Department of Economic Development (DED) will issue a state or local sales tax exemption to a company for which Chapter 100 bonds have been issued. The company must present the exemption to the vendor from whom they are purchasing the equipment.

### **APPLICATION/APPROVAL PROCEDURE**

DED will coordinate a state/local incentive proposal to qualifying projects, in which the exemption will be included. Upon the decision to proceed, the business will file the Missouri form "Chapter 100 Sales Tax Exemption Application," and return the completed form to the DED for approval and certification. Upon approval, DED will issue a certificate authorizing the applicant to claim the tax exemption. The applicant must then display the tax exemption to the vendor before the purchase is made.

### **CONTACT**

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# SMALL BUSINESS INCUBATOR TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To generate private funds to be used to establish a “protective business environment” (incubator) in which a number of small businesses can collectively operate, fostering growth and development during a business’ start-up period.

### **AUTHORIZATION**

Section 620.495, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Missouri taxpayers who make a contribution to an approved incubator sponsor in Missouri

### **PROGRAM BENEFITS/ELIGIBLES**

This 50% tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

This credit’s special attributes:

- Carry forward 5 years
- Sellable or transferable (75¢ minimum)

### **FUNDING LIMITS**

The overall maximum amount of tax credits that can be authorized under this program in any one calendar year is \$500,000.

### **APPLICATION/APPROVAL PROCEDURE**

#### **SPONSOR -**

An incubator sponsor must apply to the Department of Economic Development for designation as an approved incubator. DED reviews and approves applications based on the following criteria:

- Ability of the sponsor to carry out the provisions of §620.495, RSMo;
- Economic impact of the incubator on the community;
- Conformance with area-wide and local economic development plans, if they exist; and
- Location of the incubator (encouraging geographic distribution of incubators throughout the state).

#### **CONTRIBUTOR -**

Any taxpayer, including non-for-profit corporations, except those that benefit directly from General Revenue such as public universities, may be a contributor. Applications can be submitted to DED year-round, but decisions will be made on a first-come basis, based on the annual amount of tax credits allocated to an approved incubator.

### **CONTACT**

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# URBAN ENTERPRISE LOAN

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The Missouri Department of Economic Development (DED) contracts for the administration of a micro-lending program to assist Missouri's small business owners with the creation, expansion and retention of their business enterprise, located in the St. Louis and Kansas City urban areas.

### **AUTHORIZATION**

Section 620.1023, RSMo

### **ELIGIBLE AREAS**

Designated urban areas in St. Louis and Kansas City.

### **ELIGIBLE APPLICANTS**

Missouri small business owners.

### **ELIGIBILITY CRITERIA**

Applicant must own a for-profit small business located within the designated urban areas.

### **PROGRAM BENEFITS/ELIGIBLE USES**

*Funds may be used to:*

- Start a new business
- Purchase business equipment, inventory, working capital, acquisition of business assets or other expansion purposes of an existing small business
- Provide an equity match for leveraging a commercial loan
- Secure lines of credit or gap financing from a conventional commercial lender

*Funds may not be used:*

- To retire other debt
- For owner's salary
- As down payment on real estate
- For the payment of taxes
- For intra-state relocations
- For buyouts of existing businesses
- For payouts to existing shareholders

### **FUNDING LIMITS**

The loan amount cannot exceed 50% of the borrower's total financial need.

Loans range from a minimum of \$10,000 to a maximum of \$100,000 per business.

### **APPLICATION/APPROVAL PROCEDURE**

Interested businesses should contact the local program administrator:

#### **St. Louis:**

St. Louis Minority Business Council  
308 N. 21st Street, Floor 7  
St. Louis, MO 63103-1600  
(314) 241-1143

#### **Kansas City:**

Douglass National Bank  
1670 East 63rd Street  
Kansas City, MO 64110  
(816) 822-8560

A business plan and financial projections must accompany all applications.

### **CONTACT**

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# WINE & GRAPE PRODUCTION TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Assist vineyards and wine producers with the purchase of new equipment and materials by granting a tax credit for a portion of the purchase price.

The Missouri Department of Economic Development (DED), will issue a state tax credit to an individual, partnership or corporation in an amount equal to 25% of the purchase price of new equipment and materials used directly in the growing of grapes or the production of wine in Missouri.

### **AUTHORIZATION**

Section 135.700, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Missouri individuals or businesses.

### **ELIGIBILITY CRITERIA**

An individual or business must be actively involved in the production of wine or the growing of grapes in the state of Missouri.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

### **APPLICATION/APPROVAL PROCEDURE**

An application must be filed with DED. There are no deadlines. DED will issue a tax credit certificate authorizing the applicant to claim the tax credits.

### **REPORTING REQUIREMENTS**

The “Tax Credit Accountability Act” reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

The Agricultural Category of tax credits, which includes the Wine and Grape Production program, requires recipients to annually report to DED for three (3) years following the date of issuance of the tax credits, the following information:

- Type of agricultural commodity
- Amount of contribution
- Type of equipment purchased
- Name and description of facility, except that if the agricultural credit is issued as a result of a producer member investing in a new generation processing entity, then the new generation processing entity, and not the recipient, shall annually, for a period of three years following the issuance of tax credits provide the information.

### **SPECIAL PROGRAM REQUIREMENTS**

Equipment and materials must be new purchases. The purchase price is the selling price of the new equipment and materials, excluding sales tax, delivery cost, shipping and handling costs, installation costs, and other unrelated costs.

The new equipment and materials must be:

- Used on land owned or leased for the purpose of producing wine or growing grapes; and
- Used directly in the production of wine or growing of grapes in the state of Missouri.

The new equipment and materials will be considered used directly based upon:

- Where the item in question is used;
- When the item in question is used; and
- How the item in question is used to produce wine or grow grapes.

### **CONTACT**

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COMMUNITY  
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PROGRAMS  
.....



# AMERICORPS

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The AmeriCorps program provides eligible applicants with the human resources for addressing their most pressing civic problems, while giving individuals an opportunity to serve their communities in exchange for an education stipend.

### **AUTHORIZATION**

42 U.S.C. § 12511 et seq.

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any not-for-profit organization, unit of local or state government, school, college, or university may apply for AmeriCorps funding.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Missouri Community Service Commission (MCSC) administers the program in the areas of education, human needs, public safety, and the environment. Programs typically begin in the Fall of each year. AmeriCorps members/participants may commit to a one-year term of service. At the successful completion of that service, the participant receives an education award (\$4,725 for full time service).

### **FUNDING LIMITS**

Missouri receives a formula allotment of approximately \$1.5 million annually from the Corporation for National and Community Service. The Missouri Community Service Commission encourages applicants to structure programs no larger than 15 full-time equivalent AmeriCorps members, or federal budgets of about \$300,000.

### **APPLICATION/APPROVAL PROCEDURE**

The MCSC accepts applications each Spring and reviews each application according to published criteria. Funding decisions are made in the Spring on a competitive basis.

Preference for new programs will be given to areas of the state that are currently unserved or underserved including the Bootheel Region, South Central Region and all counties north of the Missouri River. In addition, preference will be given to areas whose school districts have lost or are in danger of losing their accreditation.

### **CONTACT**

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# DRY FIRE HYDRANT TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provides tax credits for the installation of a dry fire hydrant system to provide fire protection and potential economic improvement for rural development of the state.

### **AUTHORIZATION**

Section 320.093, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Missouri individuals, firms, and corporations.

### **ELIGIBILITY CRITERIA**

The standards to be met by the dry fire hydrant are listed in the Natural Resource Conservation Service Dry Fire Hydrant Standards. In addition, to be eligible for credits:

- Payments made by cash will not be eligible for the tax credit
- Each body of water or water storage structure, shall allow for the provision of two hundred fifty gallons per minute (250 gpm) of water for a continuous two-hour period during a fifty-year drought or freeze at a vertical lift of eighteen feet.
- Each dry hydrant shall be located within twenty-five feet of an all weather roadway (not dirt) and accessible to fire protection equipment.
- Dry hydrants must be located a reasonable distance from other dry or pressurized hydrants.
- The site shall provide measurable economic improvement potential for the rural area.

### **PROGRAM BENEFITS/ELIGIBLE USES**

Tax credits shall be equal to fifty percent (50%) of the costs in actual expenditures for any new water storage construction, equipment, development and installation of the dry hydrant, including pipes, valves, hydrants and labor for each such installation of a dry hydrant or new water storage facility.

In-kind contributions are allowed; however, in-kind labor is not an allowable expense. In-kind contributions shall not exceed twenty-five percent (25%) of the total amount of contribution for which the credit is claimed.

Donation of land is a non-eligible expense.

### **FUNDING LIMITS**

- The amount of tax credits that can be claimed cannot exceed \$5,000 per project.
- The total amount of credits available per fiscal year is \$500,000.

### **APPLICATION/APPROVAL PROCEDURE**

A pre-application form is to be submitted to the State Fire Marshal's office notifying the State of the issuance of a permit for construction of the dry fire hydrant system. The State Fire Marshal's office will then notify the Department of Economic Development (DED), who will then mail to the applicant a tax credit claim form to be completed by the applicant.

The final authorization form is to be completed by the applicant after the installation and inspection of the dry fire hydrant system and submitted to DED along with expenditure verifications. DED will issue tax credits based upon availability of the credits at the time of receipt.



### **REPORTING REQUIREMENTS**

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

### **SPECIAL PROGRAM REQUIREMENTS**

- A permit shall be issued and the State Fire Marshal (or designee) shall conduct final inspection for construction and installation of any dry fire hydrant site prior to approval of credits.
- Any dry fire hydrants installed prior to August 28, 2007 shall not be eligible to receive credits for the installation.
- Tax credits cannot be refunded.
- Tax credits can be carried forward up to seven years.
- Tax credits are transferable upon approval by the Missouri Department of Economic Development and Missouri Department of Revenue and the issuance of appropriate forms.
- No new credits will be issued under this program after August 28, 2010.

Credits are subject to 2.5% issuance fee.

### **CONTACT**

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# FAMILY DEVELOPMENT ACCOUNT TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

This program promotes self-sufficiency for low-income Missourians through a matched savings program.

### **AUTHORIZATION**

Sections 208.750 to 208.775, RSMo

### **ELIGIBLE AREAS**

Statewide

### **ELIGIBLE APPLICANTS**

A community-based organization formed under Chapter 352, RSMo or any non-profit corporation formed under Chapter 355, RSMo.

### **ELIGIBILITY CRITERIA**

The Department of Economic Development (DED) issues state tax credits to an eligible taxpayer who donates money to an organization approved to administer a Family Development Account (FDA) project.

Organizations approved to administer a Family Development Account project recruit low-income Missourians to participate in a matched savings program to help pay for:

- Education at an accredited institution of higher learning;
- Job training at an accredited or licensed training program;
- Purchase of a primary residence;
- Major repairs or improvements to a primary residence; or
- Start-up capitalization of a small business.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit has no special attributes. It must be applied to tax liability for the year it was earned.

### **FUNDING LIMITS**

- The total tax credits available for any fiscal year are \$300,000.
- An organization applying for one or two years may request up to \$100,000 in tax credits.
- The tax credit is for 50% of the amount of the contribution, not to exceed \$25,000 (a \$50,000 contribution) per contributor.

### **APPLICATION/APPROVAL PROCEDURE**

Applications from eligible organizations may be submitted to the FDA program at any time. Applications will be reviewed in the order they are received. Every effort is made to notify organizations of a tax credit award within 60 days from receipt of the application.

### **REPORTING REQUIREMENTS**

Quarterly reports, final report, final audit for projects using \$25,000 or more in tax credits, and 1099 reporting.

### **CONTACT**

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# INVESTMENT FUNDS SERVICE CORPORATION

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To stimulate the mutual fund industry in the state by allowing those certified by the Department of Economic Development (DED) to utilize a more favorable state income apportionment method for tax purposes.

### **AUTHORIZATION**

Sections 620.1350 to 620.1360 & 143.451, RSMo.

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

A Missouri entity which:

- derives more than 50% of its gross income from management, distribution or administration services provided to or on behalf of an investment company; or
- derives more than 50% of its gross income from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company; or
- provides management services as an investment advisory firm registered under Section 203 of the Investment Advisors Act of 1940.

### **APPLICATION/APPROVAL PROCEDURE**

- Applications will be accepted by DED at any time of the year and will be approved on an individual, case-by-case basis, based on the performance of the company related to all program criteria.
- In addition to the application, an entity must submit the previous period's tax form MO-1120 or MO-1120S, past period employment information, and current employment information for all Missouri employees.
- To receive the income apportionment benefit, the approved certificate, issued by DED, shall be submitted to the Department of Revenue with the immediate year tax forms.

In making the determination for certification, DED shall consider historical and present factors including, but not limited to:

- Current and past industry employment growth and employment retention in the state;
- Salary levels of new or existing industry employment in the state;
- The income tax laws applied to investment funds service corporations in other states;
- Industry growth nationally and within the state;
- The prevailing conditions in the economy and financial markets;
- The competitive environment within the industry;
- The applicant's past certification and use of this program; and
- An applicant's size, structure and method of operation.

### **CONTACT**

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# MISSOURI COMMUNITY PLANNING AND ASSESSMENT PROCESS (MOCAPP)

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Assist local governments with a self-guided local assessment and planning process tool.

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any Missouri city, county, town, village or recognized neighborhood organization may use the MoCAPP process.

### **ELIGIBILITY CRITERIA**

Communities initiating MoCAPP must first send a copy of their local Ordinance/Resolution to the Division of Business and Community Services (BCS) to serve as notification of their intent to proceed. Completed plans must be sent to BCS no later than May 1st of any year in order to allow adequate review time prior to the annual Governor's Conference on Economic Development.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Process is a self-guided, form-driven assessment and planning tool. MoCAPP includes 5 categories and 37 sub-categories for consideration by the local planning team. Those communities interested may participate in completing the necessary thresholds for recognition as a Star City, 5-Star City, or All-Missouri Certified City. The recognition will occur for qualifying, approved participants at the annual Governor's Conference on Economic Development.

### **APPLICATION/APPROVAL PROCEDURE**

Eligible participants must pass the initial resolution, create or submit an existing local community vision statement, and complete all of the required steps and submit all of the accompanying forms found in the MoCAPP Guidebook to the Division of Business and Community Services.

BCS' recommendation for certification of Star City status, 5-Star City status, or All-Missouri Certified City status will be based on criteria that includes:

- Meeting all threshold requirements;
- Demonstrating completeness of plan;
- Broad-based local participation

### **SPECIAL PROGRAM REQUIREMENTS**

MoCAPP certification expires after a 3-year period. To be recertified, a community must resubmit an updated application that follows the current application guidelines.

In addition to submitting updated certification documents, All-Missouri Certified City and Five Star Certified City recertification applicants must also submit a report outlining the accomplishment of goals stated in their pre-existing MoCAPP materials.

### **CONTACT**

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# MISSOURI COMMUNITY SERVICE COMMISSION

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The Missouri Community Service Commission (MCSC) connects Missourians of all ages and backgrounds in an effort to improve unmet community needs through direct and tangible service. The MCSC serves as the administrator for AmeriCorps state funding in Missouri by awarding monetary grants and providing technical assistance and support to its grantees.

AmeriCorps, "the domestic Peace Corps," is a National Service program that engages Americans of all ages and backgrounds in team-based, results-driven service in the five priority areas of education, public safety, environment, homeland security, or other human needs.

### **AUTHORIZATION**

Established in 1994 as a direct response to the National and Community Service Trust Act of 1993

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Missouri educational institutions, 501©3 non-profit community and faith-based organizations, state and local government agencies.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The MCSC is part of a cadre of community improvement tools available through the Division of Business and Community Services within the Missouri Department of Economic Development (DED).

AmeriCorps programs provide a variety of specific and identifiable direct services that address community needs.

Since 1994, more than 500,000 men and women have served in AmeriCorps, providing needed assistance to millions of Americans through projects ranging from tutoring, youth mentoring, public safety, housing rehabilitation, health care, environmental issues, and disaster relief.

AmeriCorps members may commit to a one-year term of service. At the successful completion of that service, the member is eligible to receive \$4,725 to use toward tuitions or student loans. Full-time members may receive \$1 1,400 as a living allowance during their year of service.

### **FUNDING LIMITS**

Funding is dependent on the availability of funds granted to the Commission by the Corporation for National and Community Services (CNCS) located in Washington, D.C. Allocation is determined by using a state population-based formula. Guidelines are set by CNCS and additional Missouri-specific guidelines are set by the MCSC and may vary from one program year to another. In 2008-2009, new applicants may request funds for a minimum of 5 and a maximum of 10 Member Service Years (MSYs). The applicant may request a maximum of \$12,600 per MSY, which can be defined as a full-time member who commits to serve a minimum of 1,700 hours during a program year. Members may also commit to serve half-time, reduced half-time, quarter-time, or minimum time. An overall match requirement of 24% is mandatory for the first three years of funding. The match requirement is graduated accordingly after the initial three-year period.

### **APPLICATION/APPROVAL PROCEDURE**

Funding is competitive and applications are typically due in March of each year. A number of workshops are held prior to the application due date.

### **CONTACT**

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# MISSOURI DELTA REGIONAL AUTHORITY

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

- To develop the transportation infrastructure of the region for the purpose of facilitating economic development in the region;
- To assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;
- To provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;
- To provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities;
- To otherwise achieve the purposes of the subtitle.

### **AUTHORIZATION**

Enabling Legislation: Congressional Record H12285 Section 503, The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) Subtitle F. The Delta Regional Authority is a newly created federal-state partnership serving a 236-county area in an 8-state region.

### **ELIGIBLE AREAS**

Missouri's eligible applicants include cities, counties, regional planning commissions and not-for-profits operating in the Delta Region defined as EDA distressed counties.

### **ELIGIBILITY CRITERIA**

The EDA Distressed counties in the Authority area are: Bollinger, Butler, Carter, Crawford, Dent, Douglas, Dunklin, Howell, Iron, Madison, Mississippi, New Madrid, Oregon, Ozark, Pemiscot, Perry, Phelps, Reynolds, Ripley, Ste. Genevieve, St. Francois, Scott, Shannon, Stoddard, Texas, Washington, Wayne, Wright.

**Note:** Cape Girardeau County is not an EDA distressed county. Applications from Cape Girardeau County may be received if the application meets one of these criteria: 1) is multi-county in nature; 2) brings significant benefits to areas of the region outside the non-distressed county; or 3) serves an isolated area of distress having high rates of poverty or unemployment.

### **PROGRAM BENEFITS/ELIGIBLE USES**

- Basic infrastructure (non-water or wastewater) in distressed counties and isolated areas of distress
- Basic infrastructure (water or wastewater) related to industrial parks or business-related activities in distressed counties and isolated areas of distress
- Transportation infrastructure for the purpose of facilitating economic development
- Business development with an emphasis on entrepreneurship
- Job training or employment-related education with emphasis on use of existing public educational institutions

### **APPLICATION/APPROVAL PROCEDURE**

The federal Delta Regional Authority (DRA) announces the application procedure and timeline annually. The applications are submitted to the local regional planning commission. They are determined eligible or ineligible by the federal DRA. The Governor makes the final recommendation to the federal DRA.

Go to the federal Delta Regional Authority website at [www.dra.gov](http://www.dra.gov) for more information on the grant program application cycle.

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# NEIGHBORHOOD ASSISTANCE TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide assistance to community-based organizations that enables them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.

### **AUTHORIZATION**

Sections 32.100 to 32.125, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

- Not-for-profit corporations organized under Chapter 355, RSMo;
- Organizations holding a 501(c)(3) ruling from the IRS; *and*
- Missouri businesses

### **ELIGIBLE DONORS**

Businesses only - individuals who operate a sole proprietorship, operate a farm, have rental property or have royalty income are also eligible, as well as a shareholder in an S-corporation, a partner in a Partnership or a member of a Limited Liability Corporation.

### **ELIGIBILITY CRITERIA**

The Department of Economic Development (DED) will issue 50% or 70% tax credits to an eligible taxpayer who makes a qualified contribution to an approved Neighborhood Assistance Program (NAP) project.

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit's special attributes:

- Carry forward 5 years

### **FUNDING LIMITS**

The maximum amount of tax credits available is \$16 million per fiscal year. The tax credits are allocated at the discretion of DED and are subject to change:

- \$10 million in 50% credits
- \$6 million in 70% credits (reserved for projects in certain lower population or unincorporated areas).

Applicant organizations may request a maximum of \$250,000 in 50% tax credits per project or \$350,000 in 70% tax credits per project if the organization is located in a qualifying rural area.

### **APPLICATION/APPROVAL PROCEDURE**

There is no deadline for applying. Applications are reviewed as received until funding is depleted.

NAP staff is available to provide technical assistance to organizations making application to the program.

### **REPORTING REQUIREMENTS**

Quarterly reports, final report, final audit for projects using \$25,000 or more in tax credits, and 1099 reporting.

### **SPECIAL PROGRAM REQUIREMENTS**

Preference is given to projects addressing specified program outcomes. The NAP also seeks projects located in distressed communities and in target communities as determined by the department.

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# YOUTH OPPORTUNITIES TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To broaden and strengthen opportunities for positive development and participation in community life for youth, and to discourage such persons from engaging in criminal and violent behavior.

### **AUTHORIZATION**

Sections 135.460 and 620.1100 to 620.1103, RSMo

### **ELIGIBLE AREAS**

Statewide

### **ELIGIBLE APPLICANTS**

- Non-Profit Organizations
- Schools\*
- Faith-based Organizations\*
- Local Governments
- Missouri Businesses
- Public or Private Entities

*\*Schools and faith-based organizations must meet certain criteria.*

### **ELIGIBILITY CRITERIA**

Tax credits are allocated to organizations administering positive youth development or crime prevention projects that have been approved through the application process. Approved organizations secure contributions from their community, and the contributor receives tax credits for those contributions. There are 50% tax credits for monetary contributions and wages paid to youth in an approved internship, apprenticeship or employment project, and 30% tax credits for property or equipment contributions used specifically for the project.

Eligible Projects include:

- Degree Completion
- Internship/Apprenticeship
- Youth Clubs/Associations
- Adopt-A-School
- Mentor/Role Model
- Substance Abuse Prevention
- Violence Prevention
- Youth Activity Centers
- Conflict Resolution
- Employment
- Counseling

### **PROGRAM BENEFITS/ELIGIBLE USES**

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax
- Ch. 153 – Express Companies Tax

This credit's special attribute:

- Carry forward 5 years

### **FUNDING LIMITS**

- The Youth Opportunities Program has up to \$6 million in tax credits to award annually.
- Each project is limited to \$250,000 in tax credits.
- Each contributor is limited to \$200,000 in tax credits annually.

### **APPLICATION/APPROVAL PROCEDURE**

There is no deadline for applying. Applications are reviewed as received until funding is depleted.

### **REPORTING REQUIREMENTS**

Quarterly reports, final report and final audit for projects using \$25,000 or more in tax credits

### **CONTACT**

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MISSOURI  
DEVELOPMENT  
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PROGRAMS  
.....





# BUILD PROGRAM

## BUSINESS USE INCENTIVES FOR LARGE SCALE DEVELOPMENT

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Provides a financial incentive for the location or expansion of large business projects. The incentives are designed to reduce necessary infrastructure and equipment expenses if a project can demonstrate a need for funding.

#### **AUTHORIZATION**

Sections 100.700 to 100.850, RSMo

#### **ELIGIBLE AREAS**

Statewide.

#### **ELIGIBLE APPLICANTS**

- Manufacturing, processing, assembly, research and development, agricultural processing or services in interstate commerce, which will invest a minimum of \$15 million in capital improvements for a project and create at least 100 new jobs within three years.
- Office projects (regional, national or international headquarters, telecommunications operations, computer operations, insurance companies or credit card billing and processing centers) are also eligible if the capital improvements exceed \$10 million and at least 500 new jobs are created within three years (200 jobs if in a "distressed community" - §135.530, RSMo).
- Ineligible: Retail, health or professional services, intra-state relocations or replacement facilities.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The bonds may be used to finance public or private infrastructure to support the project, or the new capital improvements of the business at the project location. Bond proceeds may not be used for working capital, inventory or other operating costs of the business or another entity.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 – Bank Tax, Insurance Premium Tax, Other Financial Institution Tax

This credit's special attributes:

- Refundable

#### **FUNDING LIMITS**

The amount of bonds to be issued will be determined by the Missouri Department of Economic Development (DED) and the Missouri Development Finance Board (MDFB), based on the need for funding to initiate the project, and limited to the state's economic benefit. The minimum bond issue is \$500,000.

#### **APPLICATION/APPROVAL PROCEDURE**

The business must submit an application to DED and MDFB for review. Applications are due 15 business days prior to the first Monday of the month. DED and MDFB will review on a case-by-case basis.

#### **REPORTING REQUIREMENTS**

The business must report to MDFB the number of new jobs; the total amount of salaries and wages paid to eligible employees and investment in capital improvements, semi-annually during the initial 3-year build out phase and annually for the term of the credits.

#### **SPECIAL PROGRAM REQUIREMENTS**

The following conditions must be met for a project to be approved.

- **Sale of Bonds:** Unless otherwise approved by the Board, the Applicant will be required to purchase the Bonds.
- **Cooperative Effort:** The political subdivisions benefiting from the project or other local entities must commit significant local incentives relative to their economic benefit compared to the state. Such incentives may include tax abatement, discounted utility fees or others, to the extent allowed by law.
- **"But For" Test:** The company may not start the project prior to MDFB approval of the application. This would include any public announcement, construction or receipt of new machinery or equipment at the project site related to the new project. DED and the MDFB must determine that the program is a material factor in the company's decision to initiate the project, and this is certified by the business.



- **Positive State Economic Impact:** The amount of new direct and indirect state taxes over an 8- to 15-year period, as calculated by DED, must exceed the total amount of incentives provided by the state.
- **Requirements:** New full-time (35+ hours per week) jobs in a new or expanding business (not including identical jobs filled by recalled workers, replacement jobs or jobs which previously existed in the business) are considered to be "new jobs". The business or a related taxpayer cannot have employed them during the preceding twelve months. The wages for such employees must be above the average wage for the area.
- **"Clawbacks":** In the event the business does not fulfill the commitments made regarding the number of new jobs or capital investment, the tax credits will be reduced proportionately. In the event the business relocates or reduces the operation below the minimum standards for new jobs or capital investment prior to the term of the bonds, the tax credits received prior to that time must be repaid in full.
- **Bond Purchase:** Since the MDFB cannot guarantee the bonds, the business will likely have to purchase the Bonds.

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# INDUSTRIAL DEVELOPMENT, INFRASTRUCTURE AND OTHER REVENUE BONDS

## MISSOURI DEVELOPMENT FINANCE BOARD

### **PURPOSE**

The Missouri Development Finance Board (the “Board”) is authorized to issue revenue bonds to provide cost effective financing for many different types of projects for private businesses, nonprofit and governmental entities.

### **AUTHORIZATION**

§§ 100.250-100.297 RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Private businesses, nonprofit and governmental entities in Missouri.

Eligible projects include a factory; assembly plant; manufacturing plant; fabricating plant; distribution center; warehouse building; office building; port terminal or facility; transportation and transfer facility; industrial plant; processing plant; commercial or agricultural facility; nursing or retirement facility, or combination thereof; recreational facility; cultural facility; public facilities; job training or other vocational training facility; infrastructure facility; video-audio telecommunication conferencing facility; office building; facility for the prevention, reduction, disposal or control of pollution, sewage or solid waste; facility for conducting export trade activities; or research and development building in connection with any of the above facilities.

The Board has placed special emphasis on certain types of projects:

- **Industrial development revenue bonds.** The Board has established a program to target certain qualified manufacturing facilities that may be eligible for the issuance of tax-exempt bonds.
- **Cultural facilities revenue bonds.** The Board is the only governmental issuer authorized to issue bonds for cultural facilities for qualified 501(c)(3) entities, such as museums.
- **Infrastructure facilities revenue bonds.** The Board issues bonds, and loans the proceeds to governmental entities to finance infrastructure improvements. Such improvements include highways, streets, bridges, water supply and distribution systems; mass transportation

facilities and equipment; telecommunication facilities, jails and prisons; sewers and sewage treatment facilities; wastewater treatment facilities; airports, railroads, reservoirs, dams and waterways in the state; acquisition of blighted real estate and the improvements thereon; demolition of existing structures and preparation of sites in anticipation of development; public facilities; and any other improvements provided by any form of government or certain development agencies.

### **PROGRAM BENEFITS/ELIGIBLE USES**

Although certain projects that can be financed through the Board overlap with those permitted to be financed by cities, counties and industrial development authorities, the Board’s list of permissible projects is broader than those permitted to be financed by other issuers. In addition, the Board is uniquely qualified to issue bonds for certain types of projects located at more than one site in the State.

### **ARE ALL BONDS ISSUED BY THE BOARD “TAX-EXEMPT”?**

If the bonds are issued to pay the costs of certain types of projects (e.g., eligible manufacturing facilities, solid waste disposal facilities, certain governmental purposes), the bonds may be able to be issued as tax-exempt bonds for federal income tax purposes, carrying lower interest rates than those obtained through conventional financing. In addition, all bonds issued by the Board, regardless of their purpose, are exempt from income taxation by the State of Missouri.

### **WHAT ARE THE COSTS OF ISSUING BONDS THROUGH THE BOARD?**

Recently, the Board adopted a new, lower bond issuance fee schedule:

- **Private Activity Bonds:**  
Issuance fee of 0.30% (\$75,000 maximum)
- **Local Government Bonds:**  
Issuance fee of 0.25% up to \$25 million;  
0.10% above \$25 million (\$75,000 maximum)



***DOES THE BOARD ISSUE BONDS FOR THE PURPOSE OF PROVIDING PROPERTY TAX ABATEMENT SIMILAR TO CHAPTER 100 BONDS?***

The Board will permit the issuance of bonds to provide tax abatement under certain limited circumstances. The Board will consider assisting with tax abatement only on projects that have a capital investment of at least \$25 million and/or employ over 500 jobs at the facility or over 1,000 jobs in the state. The local governmental entity (city or county) requesting abatement for a company must also hold a public hearing to take and consider public comment on the proposal and adopt a resolution requesting that the Board provide the tax abatement.

Under such a structure, the company receiving abatement will convey title to the property being financed to the Board, and the Board will lease the project back to the company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the Board, to use the proceeds of the bonds to purchase and/or construct the project. The company will be unconditionally obligated to make payments in amounts that will be sufficient to pay principal and interest on the bonds as they become due. Pursuant to a trust indenture, the Board will assign to the trustee, for the benefit of the bond owners, its right to receive rental payments from the company under the lease agreement.

Because the Board will hold title to the project, the project is by law exempt from property taxation. However, the Board will require the company to make payments in lieu of taxes to local taxing jurisdictions in a certain percentage of property taxes that would otherwise be due, which percentage is negotiated between the sponsoring municipality and the company.

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# INFRASTRUCTURE TAX CREDIT PROGRAM (CONTRIBUTION TAX CREDIT)

## MISSOURI DEVELOPMENT FINANCE BOARD

### **PURPOSE**

Assist in the funding of capital improvement costs for qualified public facilities and public infrastructure projects within the state of Missouri.

### **AUTHORIZATION**

Sections 100.286(6), RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Public Entities in Missouri

### **ELIGIBILITY CRITERIA**

The Board will only consider applications submitted by a Public Entity and, in the case of any Public Entity created on behalf of and for the benefit of another governmental entity, the written approval of the application by such entity

### **PROGRAM BENEFITS/ELIGIBLE USES**

The Missouri Development Finance Board (MDFB) is authorized to grant a tax credit equal to 50% of contributions to any taxpayer. The contributed funds are granted to local governments, state agencies or used by the MDFB to finance infrastructure improvements needed to facilitate an approved project.

"Infrastructure facilities" means the highways, streets, bridges, water supply and distribution systems; mass transportation facilities and equipment; telecommunication facilities, jails and prisons; sewers and sewage treatment facilities; wastewater treatment facilities; airports, railroads, reservoirs, dams and waterways in this state; acquisition of blighted real estate and the improvements thereon; demolition of existing structures and preparation of sites in anticipation of development; public facilities and any other improvements provided by any form of government or development agency.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax

This credit's special attributes:

- Carry-forward 5 years
- Sellable or transferable
- All credits must be redeemed within 10 years

### **INELIGIBLE PROJECTS**

By policy, the Board will not consider applications under this program for health and/or medical facilities, including nursing or retirement facilities or combination thereof, or for private or public educational facilities.

### **FUNDING LIMITS**

The amount of credits issued cannot exceed the greater of \$10 million or 5% of the average growth in state general revenue funds over the preceding three years statewide unless authorized by specific agency directors.

### **APPLICATION/APPROVAL PROCEDURE**

Applications are submitted to the MDFB for staff review and recommendation to the Board.

### **SPECIAL PROGRAM REQUIREMENTS**

Discretionary program and credits. The board assesses a 4% fee on all contributions.

### **CONTACT**

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# MISSOURI INFRASTRUCTURE DEVELOPMENT OPPORTUNITIES COMMISSION (MIDOC)

## MISSOURI DEVELOPMENT FINANCE BOARD

### **PURPOSE**

The MIDOC Infrastructure Loan Program provides low-interest loans (currently 3%) to local political subdivisions to finance a portion of the costs of infrastructure facilities. "MIDOC" refers to the Missouri Infrastructure Development Opportunities Commission, the functions of which were transferred to the Missouri Development Finance Board.

### **AUTHORIZATION**

§ 100.263 RSMo

### **ELIGIBLE AREAS**

Statewide

### **ELIGIBLE APPLICANTS**

Any form of government entity in Missouri

### **PROGRAM BENEFITS/ELIGIBLE USES**

Eligible activities pertain to facilities (including engineering, design and construction inspection), which are owned and operated by a governmental entity providing service to the general public. Priority activities are water and sewer system improvements necessary to correct deficiencies that, if uncorrected, are likely to result in health and safety hazards to system users. Loan funds may not be used to replace funds previously obligated for a project or to refinance existing indebtedness. No applicant administration costs will be funded from this program.

### **FUNDING LIMITS**

MIDOC loans are financed from a revolving fund as money becomes available from repayments of existing MIDOC loans (the original MIDOC loans were financed from an appropriation by the Missouri General Assembly). The maximum principal amount of MIDOC loans is \$100,000. The maximum term of MIDOC loans is 20 years. MIDOC loans are generally used to supplement other sources of financing for an infrastructure project, such as Community Development Block Grants and other grants and loans.

### **APPLICATION/APPROVAL PROCEDURE**

Applications are available through the Missouri Development Finance Board.

### **CONTACT**

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PUBLIC PURPOSE  
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PROGRAMS  
.....



# CDBG PROGRAM

## ACTION FUND LOAN

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Provides a loan to certain types of for-profit companies that need funds for start-up or expansion and have exhausted other sources.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Cities and counties must apply on behalf of beneficiary companies. For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

- The purchase of new machinery and equipment, working capital, building acquisition and/or construction land acquisition are eligible.
- Refinancing, pay out of stockholders, buyouts or lines of credit are not eligible.

#### **FUNDING LIMITS**

- The business must have exhausted other funding sources.
- Only the least amount needed to complete the project may be provided.
- Lesser of \$750,000 per project; 40% of the total project cost; or \$25,000 per new job.
- **Interest Rate:** Determined by DED.
- **Term:** Three to ten years.
- **Collateral:** Depends on the predictability of the cash flow. The loan may be in a subordinate collateral position to the primary lender at the sole discretion of DED.

#### **APPLICATION/APPROVAL PROCEDURE**

An application must be submitted by the Sponsor on behalf of the business. Applications are reviewed on a case-by-case basis, subject to fund availability.

#### **REPORTING REQUIREMENTS**

- Borrower must provide quarterly financial reports and a fiscal year end report.
- Employment Status Statement Forms

#### **SPECIAL PROGRAM REQUIREMENTS**

- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

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# CDBG PROGRAM

## COMMUNITY FACILITY

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant Program (CDBG) offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. This program assists communities with providing a facility to supply specific services to its citizens.

#### **AUTHORIZATION**

"CDBG" (Community Development Block Grant), funded by the U.S. Department of Housing and Urban Development, administered by the Department of Economic Development (DED).

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Cities and counties may apply on behalf of other public entities such as water or sewer districts.

#### **ELIGIBILITY CRITERIA**

- Applications that prove a need for the facility to serve a large portion of the public and implement a variety of services and programs will receive consideration.
- Education and health/well-being programs are priorities. The facility must establish its ability to sustain the operation long after construction is complete. The Neighborhood Assistance Tax Credit Program and USDA Rural Development are programs where CDBG funds may match a larger project.
- At least 51% of the population of the area served must be low to moderate-income persons.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

Community facilities, including senior centers, day care centers, community centers, youth centers, 911 services, rural health clinics (facilities without state funding), telecommunications, and others designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility, as well. A local government or non-profit agency must own the facility. It is the responsibility of the city/county applicant to ensure the non-profit status of the entity seeking assistance. The non-profit organization must have adequate operating funds and management structure to successfully operate the facility.

#### **FUNDING LIMITS**

The maximum amount is a total of \$300,000, or \$5,000 per household that would benefit from the facility.

#### **APPLICATION/APPROVAL PROCEDURE**

- The application deadline is April 1.
- Applications are rated on a point scale based on the need, project impact, local effort and past efforts.
- Applications must provide evidence of the ability to adequately operate and maintain the facility for the purpose intended.

#### **CONTACT**

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# CDBG PROGRAM

## DOWNTOWN REVITALIZATION

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure.

#### **AUTHORIZATION**

Sections 99.1080 to 99.1092, RSMo  
(SB 210, 2005)

#### **ELIGIBLE AREAS**

Redevelopment areas classified as “blighted” or a “conservation area.”

#### **ELIGIBLE APPLICANTS**

Municipalities with a population of 200,000 inhabitants or less, and median household income of \$62,000 or less.

#### **ELIGIBILITY CRITERIA**

Redevelopment areas must be classified as “blighted” or a “conservation area,” shall not exceed 10% of the entire geographic area of the municipality, and must be located in a “central business district.” At least 50% of the buildings in the central business district must be 35 years old or older. Other restrictions apply.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

A portion of the new state and local sales taxes created by a redevelopment project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the newly generated local sales taxes.

Redevelopment projects that promote tourism and cultural activities that further the objectives of the redevelopment plan, and for which the capital investment is:

Population of Municipality	Estimated Project Costs
100,000 to 199,999	\$5,000,000
50,000 to 99,999	\$1,000,000
10,000 to 49,999	\$500,000
1 to 9,999	\$250,000

#### **FUNDING LIMITS**

- A development project will not receive funds until it generates increment.
- A development project cannot receive more than half of the increased amount of state sales tax it generates.
- Disbursements combined with other state funding or incentives may not exceed projected state benefit.
- The program is limited in any year to the amount appropriated. In any event, the amount of disbursements may not exceed \$15,000,000.
- In the event appropriations from the fund are not adequate to cover approved disbursements, projects will receive a pro-rata share of increment.

#### **APPLICATION/APPROVAL PROCEDURE**

Municipalities submit an application to the Department of Economic Development (DED). If a project is approved for funding, DED will issue a Certificate of Approval outlining the terms of the financing. Applications may be submitted at any time of the year, but only after approval of the local development plan and prior to the commencement of the project (either construction or bond financing).

DED’s approval will be based on criteria that include:

- Meeting all eligibility requirements;
- Demonstrating the need for the public infrastructure in order for the project to occur;
- Demonstrating the need for the funding, such that the projected return on investment by the developer is below market standards without state/local subsidy, and that such subsidy is the least amount necessary to cause the project to occur;
- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Availability of funding based on state appropriations.





### **REPORTING REQUIREMENTS**

Copies of all public hearing notices required by the Act in 99.1088.3 are to be sent to DED (99.1088.5).

### **CONTACT**

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# CDBG PROGRAM

## INDUSTRIAL INFRASTRUCTURE GRANT

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Assist local governments in the development of public infrastructure that allows industries to locate new facilities, expand existing facilities, and prevent the closing of a facility or the relocation of a facility outside the state.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Cities or counties must apply on behalf of beneficiary companies.

#### **ELIGIBILITY CRITERIA**

- More than one business must potentially benefit from the facilities to be funded.
- For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

- Grant funds may be used for public streets, water or sewer lines, engineering and other public facilities necessary to support the project. A public entity must own the facilities to be funded.
- Facilities owned by the company or a private utility are not eligible for funding.

#### **FUNDING LIMITS**

- The least amount needed for the project to occur
- The grants shall be determined in accordance with the following schedule:

Grant Amount	Max. per Job	Max. % of Capital Inv.
Up to \$500,000	\$10,000	35%
Next \$250,000	\$5,000	20%
Next \$250,000	\$3,000	8%
Next \$500,000	\$2,000	2%

*(Ex: To receive a \$600,000 Infrastructure grant, total private capital investment must be no less than \$1,928,571 and create 70 new full-time jobs.)*

#### **APPLICATION/APPROVAL PROCEDURE**

Applications are reviewed on a case-by-case basis, subject to fund availability.

#### **REPORTING REQUIREMENTS**

Employment Status Statement Forms

#### **SPECIAL PROGRAM REQUIREMENTS**

- The local government applicant must provide as much unrestricted resources (cash, in-kind resources) as they have available.
- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** Because grant proceeds are used for the construction of public works, prevailing wages must be paid to the employees of the contractors.

#### **CONTACT**

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# CDBG PROGRAM

## INTERIM FINANCING LOAN

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

Provide short-term cash flow relief for a company.

#### **AUTHORIZATION**

Public Law 93-383, Title I of the Housing & Community Development Act of 1974, as amended; 24 CSR Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Cities and counties must apply on behalf of beneficiary companies. For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

- The purchase of new machinery and equipment or working capital are eligible.
- Refinancing, pay out of stockholders, buyouts or lines of credit are not eligible.

#### **FUNDING LIMITS**

DED will determine the amount of funds based on the need and state economic impact. Funding is limited to the lesser of \$5 million per project; 30% of the total project costs; or \$25,000 per job.

- **Interest Rate:** Determined by DED, and the principal and interest is deferred until the end of the term.
- **Term:** Typically 18 months.
- **Collateral:** Letter of Credit from financial institution.

#### **APPLICATION/APPROVAL PROCEDURE**

An application must be submitted by the sponsor on behalf of the business. Applications are reviewed on a case-by-case basis, subject to fund availability.

#### **REPORTING REQUIREMENTS**

- The borrower must provide DED with a fiscal year end report.
- Employment Status Statement Forms

#### **SPECIAL PROGRAM REQUIREMENTS**

- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

#### **CONTACT**

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# CDBG PROGRAM

## OTHER PUBLIC NEEDS

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant Program (CDBG) offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. This category assists communities with recognized needs that may not fit under the other categories of CDBG funding.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Missouri cities and counties in non-entitlement areas.

#### **ELIGIBILITY CRITERIA**

State CDBG funds are only available to cities and counties in non-entitlement areas. A non-entitlement area is a city with population less than 50,000 and/or a county with population less than 200,000.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The Other Public Needs category allows applicants to submit projects that do not fit under existing categories. The projects must still comply with all CDBG regulations and must still select eligible activities from the list provided in the application. This category allows the applicant to recognize and solve a need particular to the community. Projects that address the Americans with Disabilities Act (ADA) improvements to public buildings are eligible in this category (see below).

#### **AMERICANS WITH DISABILITIES ACT ONLY**

For ADA applications, elevators, chair lifts, and large restroom renovations are eligible. Only those activities necessary for ADA compliance are eligible. General improvements or enhancements that relate to conducting government business are prohibited. Applicants who have completed a plan recognizing all necessary activities to achieve ADA compliance (doors, ramps, signage, restrooms, parking, etc.) and have applied a timeline and budget to that plan will receive consideration.

#### **FUNDING LIMITS**

The maximum amount any applicant can apply for is \$400,000 or \$5,000 per household. The following maximums apply to the Other Public Needs subcategories:

- The maximum amount for ADA is \$250,000 or \$5,000 per household.
- The maximum amount for Rural Affordable Housing RFP is \$250,000 or \$5,000 per household.
- The maximum amount for Housing Demolition is \$125,000.

#### **APPLICATION/APPROVAL PROCEDURE**

Communities interested in applying for grant assistance should complete a CDBG application. The application deadline is May 1, and is based upon availability of funds. Applications are rated on need, project impact, local and past efforts. Applicants must score a minimum of 65 points out of 100 to gain a recommendation for award. Applications must include any supporting documentation that verifies the need, such as professional studies, census information, etc.

#### **SPECIAL PROGRAM REQUIREMENTS**

Applicants that can substantiate a need or a series of needs and have a well thought-out solution with an emphasis on sustainability and local impact (serving a large population with every dollar) will be given consideration. Applicants who leverage other creative funding sources to achieve a broader solution to a series of needs will be given consideration. Applicants who demonstrate local capacity to manage the project will also be given consideration.

Applicants must meet a "national objective" to participate in the CDBG program, which may include the low-to-moderate income persons or elimination of slums or blight, (or a combination of the two.) Please contact the CDBG office for more information regarding the national objectives.

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# CDBG PROGRAM

## REVOLVING LOAN / MICROENTERPRISE LOAN

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant Program (CDBG) offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. The key to the category is to promote the development of small businesses or facilitate other revitalization/redevelopment activities by providing funds to local governments (or sponsored eligible non-profit organization sub-applicants) to establish a revolving loan program. The applicant is encouraged to design their program in a manner to best meet the area's needs.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Missouri cities under 50,000 in population or Missouri counties under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

State CDBG funds are only available to cities or counties in non-entitlement areas - a city under 50,000 in population or a county under 200,000 in population.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The Applicant and Sub-Applicant have the flexibility to design the revolving loan program to meet the needs of the service area. The program may include low interest loans, forgivable loans, and loan guarantees. The Applicant is responsible for developing the loan application process and loan requirements, such as terms, collateral, underwriting criteria, etc. The loan guidelines must be consistent and fairly implemented. For microenterprise loans, at least one job must be created or retained for every \$15,000 of loan proceeds. Funding may only be used for eligible expenses related to the project. Ineligible uses of CDBG funds include, but are not limited to, refinancing of existing debt, political or religious activities, or lobbying any governmental entity.

#### **FUNDING LIMITS**

Loans are limited to \$50,000 per loan or 70% of the Project, whichever is less (the local provider may choose a lesser maximum). The maximum amount any applicant can apply for is \$150,000 or \$15,000 per job.

#### **APPLICATION/APPROVAL PROCEDURE**

Communities interested in applying for grant assistance should complete a CDBG application. This category is on an open, year-round cycle and is based upon availability of funds. Applications are rated on need, project impact, local effort, and past efforts. Applicants must score a minimum of 65 points out of 100 to gain a recommendation for award.

Applicants must meet one of three national objectives to participate in the CDBG program. In the case of the "microenterprise" category, applicants usually meet this requirement by making sure the project beneficiaries are at least 51% low to moderate-income (LMI) persons, through job creation. Please contact the CDBG office for more information regarding the national objectives.

#### **SPECIAL PROGRAM REQUIREMENTS**

Funding is based on several factors, including the program design, training component and qualifications, level of local government support, area to be served, organization(s) involved in implementation, and timeframe for implementation.

#### **CONTACT**

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# CDBG PROGRAM

## RURAL AFFORDABLE HOUSING (RFP)

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant (CDBG) program offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. The Rural Affordable Housing RFP (Request for Proposals) category is intended to make the development of affordable housing feasible in communities that have the need but are lacking conventional resources.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Missouri cities and counties in non-entitlement areas.

#### **ELIGIBILITY CRITERIA**

State CDBG funds are only available to cities and counties in non-entitlement areas. A non-entitlement area is a city with population less than 50,000 and/or a county with population less than 200,000.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

Rural Affordable Housing funds can be used for rehabilitation of existing apartment complexes into senior or multi-family housing, infrastructure, single-family construction, acquisition, and professional services, such as appraisal and review appraisal services.

#### **FUNDING LIMITS**

The maximum amount any applicant can apply for is \$250,000 or \$5,000 per household.

#### **APPLICATION/APPROVAL PROCESS**

All applicants submitting a proposal are required to propose applications to the Missouri Housing Development Commission (MHDC) Low Income Housing Tax Credit (LIHTC) program.

The funding cycle is competitive, with a deadline of Aug. 15.

*Project proposals that achieve the following will receive priority:*

- a partnership between a nonprofit and a conventional LIHTC developer
- clearly describe a need for CDBG assistance to close a financial gap for housing development in rural Missouri
- exist in areas where homes are cost burdened
- promote redevelopment and rehabilitation
- promote historic preservation
- support a local housing plan
- offer a mixed income development
- renovate existing housing such as building or apartment complex
- include amenities not customary in a project, such as child care, after-school study room with computer access, and employment counseling with computer access.
- consist of a development team with appropriate capacity to complete the project
- structure the use of CDBG funds to accomplish additional development and sustainability through the use of program income

Selection is accomplished by eliminating all proposals that do not substantiate a financial need for CDBG funds, eliminating proposals where affordable housing development is occurring as a result of the market, and evaluating the balance of the proposals based on the priorities listed above.

The department's three LIHTC housing priorities are:

1. Renovation of existing complexes
2. Single-family houses with home ownership option component
3. Historic Preservation projects



### ***SPECIAL PROGRAM REQUIREMENTS***

All CDBG-funded projects must meet a national objective set forth by the U.S. Department of Housing and Urban Development (HUD). Project activities must show:

1. 100% low-to-moderate income (LMI) beneficiaries for rehabilitation or new construction activities, or
2. 51% low-to-moderate income (LMI) benefit of persons and families for infrastructure activities, or
3. Elimination of slum and blight with demolition activities.

In regard to #3 above, projects creating affordable housing from buildings that meet the definitions of slums and blight may apply under that national objective. Acquisition, appraisal, and grant administration activities are the primary uses of funds by applicant cities and counties and their project developer.

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# CDBG PROGRAM

## SPECULATIVE INDUSTRIAL BUILDING LOAN

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Department of Economic Development (DED) will make a deferred loan to a not-for-profit development corporation to assist in the location of new companies to Missouri communities and the creation of new full-time jobs primarily for low to moderate income (LMI) persons.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Missouri cities under 50,000 in population or Missouri counties under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

State CDBG funds are only available to cities or counties in non-entitlement areas - a city under 50,000 in population or a county under 200,000 in population.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The acquisition and rehabilitation of an existing building, the construction of a new building, and land acquisition or on-site infrastructure related to the building. Refinancing, marketing costs and administrative costs are not eligible.

#### **FUNDING LIMITS**

- The borrower must have exhausted all other funding sources.
- The loan is limited to the lesser of \$1,000,000 per project or \$25,000 per new full-time year-round job.
- A Loan Agreement is executed between the not-for-profit development corporation, DED, and the city/county sponsor.
- **Interest Rate:** 1% APR
- **Term:** The loan cannot exceed 30 months from the day of the first draw of loan proceeds.
- **Collateral:** An irrevocable letter of credit from an accredited financial institution for principal and interest, expiring no earlier than 30 days from the maturity date of the loan.

#### **APPLICATION/APPROVAL PROCEDURE**

Prior to submitting an application, the city or county must complete a needs assessment and hold a properly noticed public hearing.

#### **REPORTING REQUIREMENTS**

Employment Status Statement Forms

#### **SPECIAL PROGRAM REQUIREMENTS**

- **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

#### **CONTACT**

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# CDBG PROGRAM

## WATER AND WASTEWATER

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant (CDBG) program offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. This category provides assistance to communities to establish or improve local water or sewer facilities.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

Missouri cities and counties in non-entitlement areas.

#### **ELIGIBILITY CRITERIA**

State CDBG funds are only available to cities and counties in non-entitlement areas. A non-entitlement area is a city with population less than 50,000 and/or a county with population less than 200,000.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

Grants may be used for construction that is related to water treatment and distribution, and sewer treatment and collection for publicly owned systems. Operation, maintenance activities and improvements related to fire flow are not eligible.

#### **FUNDING LIMITS**

The maximum amount any applicant can apply for is \$500,000 or \$5,000 per household.

#### **APPLICATION/APPROVAL PROCESS**

Applications are open cycle (year-round), but require an invitation after completing the Missouri Water and Wastewater Review Committee (MWWRC) process. The process includes submission of a preliminary proposal and engineering report (with 5 copies) to MWWRC for review and comment. The MWWRC meets twice a month and is made up of members from USDA-Rural Development, Missouri Department of Natural Resources, and CDBG. Proposals are received and placed on a calendar for inclusion on the agenda. If the proposal is received between the first and the fifteenth of the month, then it is placed on the agenda for the 15th of the following month. If the proposal is received between the 16th and the end of the month, then it is placed on the agenda for the meeting held on the 30th of the following month.

#### **SPECIAL PROGRAM REQUIREMENTS**

Applicants must be sure that the project beneficiaries are at least 51% low-to-moderate income persons.

New water or sewer systems or expansion/upgrades of existing systems that have substantiated health concerns are prioritized. Successful applicants must demonstrate that rates will adequately cover operation, maintenance, reserves, emergencies, employee overhead, etc; or, the community must have initiated a graduated rate increase that will provide adequate operating costs over a period of years. Communities applying a regional approach to problem solving will receive priority consideration as well.

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# REDEVELOPMENT PROGRAMS

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# BROWNFIELD REDEVELOPMENT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provides financial incentives for the redevelopment of commercial/industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least three years.

### **AUTHORIZATION**

Sections 447.700 to 447.718, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any Missouri taxpayer is eligible to participate in the program.

### **ELIGIBILITY CRITERIA**

- The applicant cannot be a party who intentionally or negligently caused the release or potential release of hazardous substances at the project.
- If the property is not owned by a public entity, the city or county must endorse the project.
- The project must be accepted into the "Voluntary Cleanup Program" of the Missouri Department of Natural Resources (DNR).
- The project must be projected by the Missouri Department of Economic Development (DED) to result in the creation of at least ten new jobs or the retention of 25 jobs by a private commercial operation.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The program authorizes several types of financial assistance for eligible projects:

- Remediation Tax Credits  
DED may issue tax credits for up to 100% of the cost of remediating the project property. DED will issue 75% of the credits upon adequate proof of payment of the costs; the remaining 25% will not be issued until a clean letter has been issued by DNR.

- Demolition Tax Credits  
DED may issue tax credits for up to 100% of the cost of non-remediation demolition costs. The demolition must be part of a city (or county) and state approved redevelopment plan.
- Jobs and Investment Tax Benefits  
Businesses locating at the project site that create new jobs to the state may receive (for up to ten years) tax credits in the amount of \$500 to \$1,300 per year for each new job created; 2% of new capital investment per year; and a 50% income exemption. To be eligible to receive these benefits, the city or county must provide at least 50% real property tax abatement for ten to 25 years.

The tax credits can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 147 – Corporate franchise tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

The remediation tax credit's special attributes:

- Carry forward 20 years
- Sellable or transferable

The demolition tax credit's special attributes:

- Carry forward 20 years
- Sellable or transferable

The jobs and investment tax credit has no special attributes. It must be applied to tax liability for the year it was earned.

### **FUNDING LIMITS**

The total state costs of the project tax credits must be less than the projected state economic impact of the project, as determined by DED.

The amount of remediation and demolition tax credits issued must be the least amount necessary to cause the project to occur.



### **APPLICATION/APPROVAL PROCEDURE**

An applicant must submit an application to DED for determination of eligibility and request for remediation tax credits, Brownfield tax benefits, and/or demolition tax credits.

An application must also be submitted to the Department of Natural Resources (DNR) for participation in the "Voluntary Cleanup Program." Acceptance into this program is a requirement of the Brownfield Redevelopment Program.

Remediation that is performed prior to receipt of a written authorization for remediation tax credits from DED will not be eligible for tax credits and may jeopardize the project's overall eligibility for the program.

Applications may be submitted year-round. Each application is reviewed on a case-by-case basis.

### **REPORTING REQUIREMENTS**

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

### **SPECIAL PROGRAM REQUIREMENTS**

Credits are subject to 2.5% issuance fee.

### **CONTACT**

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# CHAPTER 353 TAX ABATEMENT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Chapter 353 Tax Abatement is an incentive that can be utilized by cities to encourage the redevelopment of blighted areas by providing real property tax abatement.

### **AUTHORIZATION**

Chapter 353 of the Revised Statutes of Missouri (the "Urban Redevelopment Corporation Law").

### **ELIGIBLE AREAS**

"Blighted areas" in Missouri.

### **ELIGIBLE APPLICANTS**

Tax abatement is only available to for-profit "Urban Redevelopment Corporations" organized pursuant to the Urban Redevelopment Corporations Law. The articles of association of Urban Redevelopment Corporations must be prepared in accordance with the general corporations laws of Missouri and must contain certain items set forth in Section 353.030, RSMo. of the Urban Redevelopment Corporations Law. There are also special requirements for life insurance companies operating as Urban Redevelopment Corporations. 353.040, RSMo.

### **ELIGIBILITY CRITERIA**

Tax abatement under the Urban Redevelopment Corporations Law is only extended to real property that has been found to be a "blighted area" by the city. For purpose of 353 tax abatement the term "blighted area" is defined as:

*That portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities, and such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.*

353.020 (2), RSMo.

Real property may be property found to be blighted even though it contains improvements, which by themselves do not constitute blight. (*Maryland Plaza Redevelopment Corporation v. Greenberg*, 594S.W.2d 284 (1979).) Tax abatement may also be extended to a tract of real property, which by itself does not meet the definition of a blighted area if such tract is necessary to the redevelopment project and the area on the whole constitutes a blighted area. (*Parking systems, Inc. v. Kansas City Downtown Redevelopment Corporation*, 518 S.W.2d 1191974).

### **PROGRAM BENEFITS/ELIGIBLE USES**

Tax abatement is available for a period of 25 years, which begins to run when the Urban Redevelopment Corporation takes title to the property. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land, exclusive of improvements, during the calendar year preceding the calendar year during which the Urban Redevelopment Corporation acquired title to the real property. 353.110.1, RSMo. If the property was tax exempt during such preceding calendar year, then the county assessor is required to assess the land, exclusive of improvements, immediately after the Urban Redevelopment Corporation takes title. During the next 15 years, the real property may be assessed up to 50% of its true value. 353.110.2, RSMo. This means that the city may approve a development plan, which provides full tax abatement for 25 years.

Payments in lieu of taxes (PILOTS) may be imposed on the Urban Redevelopment Corporation by contract with the city. PILOTS are paid on an annual basis to replace all or part of the real estate taxes, which are abated. The PILOTS must be allocated to each taxing district according to their proportionate share of ad valorem property taxes. 353.110.4, RSMo.

### **APPLICATION/APPROVAL PROCEDURE**

Urban Redevelopment Corporations have the power to operate one or more redevelopment projects; however such projects must be pursuant to a development plan which has been authorized by the city after holding a public hearing on the development plan. 353.060, RSMo. It may acquire property in its own name or in the name of nominees by gift, grant, lease, purchase, or otherwise. 353.130, RSMo. It may borrow funds and secure the repayment by mortgage. 353.150, RSMo.

Urban Redevelopment Corporations are required to maintain reserves for depreciation, obsolescence and the payment of taxes. 353.090, RSMo. The purpose of this requirement is to ensure that the redevelopment does not become blighted again.

### **SPECIAL PROGRAM REQUIREMENTS**

The Urban Redevelopment Corporation must carefully plan the point in time at which it takes title to real property to ensure that it maximizes the benefits of 353 tax abatement. The 25 years starts to run as soon as the Urban Redevelopment Corporation takes title. Unless the current improvements on the real property have a significant assessed value, the Urban Redevelopment



Corporation should not take title to the real property until the improvements to be made under the redevelopment project are completed. Until that time, title to the real property may be held by a related entity.

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# DOWNTOWN REVITALIZATION PRESERVATION

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The Community Development Block Grant Program (CDBG) offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. This category provides assistance to improve the condition of a community's downtown area.

### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

### **ELIGIBLE AREAS**

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

### **ELIGIBLE APPLICANTS**

Missouri cities and counties in non-entitlement areas.

### **ELIGIBILITY CRITERIA**

State CDBG funds are only available to cities and counties in non-entitlement areas. A non-entitlement area is a city with population less than 50,000 and/or a county with population less than 200,000.

### **PROGRAM BENEFITS/ELIGIBLE USES**

Grants may be used for public infrastructure and improvements that will significantly contribute to the revitalization or redevelopment of the downtown. These improvements may include, but are not limited to, water, sewer, electric, gas, sidewalks, curb cuts, street paving, parking, lighting, professional services and administration activities. Marketing costs are not eligible.

### **FUNDING LIMITS**

The maximum amount any applicant can apply for is \$400,000.

### **APPLICATION/APPROVAL PROCEDURE**

Communities interested in applying for grant assistance should complete a CDBG application. The application cycle is open year-round with no deadline date and is based upon availability of funds. Applications are rated on need, project impact, local effort, and past efforts. Applicants must score a minimum of 65 points out of 100 to gain a recommendation for award.

### **SPECIAL PROGRAM REQUIREMENTS**

- Funding is based on several factors. These include, but are not limited to, developing and utilizing adopted design guidelines, maintaining an active downtown organization capable of providing a coordinated redevelopment strategy, and tailoring the public improvements to be a planned and incremental part of a comprehensive revitalization process. Public improvements must be part of a comprehensive redevelopment process such as the Main Street approach, which balances activities in four basic areas: organization, promotion, design, and economic restructuring. The rehabilitation of historic properties must conform to the Secretary of the Interior's Standards.
- The Downtown Revitalization Program requires \$1 of private investment committed for every \$1 of CDBG funds requested. Although there is no local match requirement, successful applicants often include local cash and in-kind to support the projects.
- Downtown revitalization must benefit at least 51% LMI (low to moderate income benefit), or be slum and blight clearance.

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# HISTORIC PRESERVATION TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide an incentive for the redevelopment of commercial and residential historic structures in Missouri.

### **AUTHORIZATION**

Sections 253.545 to 253.561, RSMo

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any taxpayer is eligible to participate in this program. Not-for-profit entities and government entities are ineligible.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The program provides state tax credits equal to 25% of eligible costs and expenses of the rehabilitation of approved historic structures.

This tax credit can be applied to:

- Ch. 143 – Income tax, excluding withholding tax
- Ch. 148 –
  - Bank Tax
  - Insurance Premium Tax
  - Other Financial Institution Tax

This credit's special attributes:

- Carry back 3 years
- Carry forward 10 years
- Sellable or transferable

### **APPLICATION/APPROVAL PROCEDURE**

An application is submitted to the Missouri Department of Economic Development (DED), which will then submit the information to the State Historic Preservation Office to determine the eligibility of the property and proposed rehabilitation, based on the standards of the U.S. Department of the Interior. There are no application deadlines, and the program is non-competitive.

### **REPORTING REQUIREMENTS**

The "Tax Credit Accountability Act" reporting form must be submitted to DED by June 30 each year for three years following the year of the first issuance of tax credits.

### **SPECIAL PROGRAM REQUIREMENTS**

An eligible property must be:

- listed individually on the National Register of Historic Places;
- certified by the Missouri Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register; or
- of a local historic district that has been certified by the U.S. Department of the Interior.

The costs and expenses associated with the rehabilitation must exceed 50% of the total basis of the property (acquisition cost).

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# LAND ASSEMBLAGE TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Support redevelopment of blighted areas into productive use.

### **AUTHORIZATION**

Section 99.1205, RSMo. (HB1, Special Session, 2007).

### **ELIGIBLE AREAS**

- An area of at least 75 acres;
- At least 80% must be within a Distressed Area (applicable to other DED programs) or a federal "Qualified Census Tract" (26 U.S.C. Section 42);
- The redeveloper must acquire at least 50 acres of the area;
- The average parcels per acre must be four or more; and
- Less than five percent of the acreage for acquisition by the redeveloper under the redevelopment plan shall consist of owner-occupied residences.

### **ELIGIBLE APPLICANTS**

Redeveloper, which is a person, firm, partnership, trust, limited liability company, or corporation.

### **ELIGIBILITY CRITERIA**

The redeveloper must have incurred acquisition cost for at least 50 acres of eligible parcels, have been appointed the redeveloper of the area by a city or county, have entered into a redevelopment agreement, and have been approved for redevelopment incentives for the area.

### **PROGRAM BENEFITS/ELIGIBLE USES**

State tax credits are provided to the redeveloper based on 50% of the acquisition costs and 100% of the interest costs incurred for a period of five years after the acquisition of an eligible parcel. Maintenance costs (boarding up and securing vacant structures, costs of removing trash, and costs of cutting grass and weeds) may also be included as acquisition costs.

### **FUNDING LIMITS**

- Maximum aggregate amount of tax credits for all projects: \$95 million.
- Maximum annual amount of tax credits, all projects (by one or more redevelopers): \$20 million. If the amount to be issued to more than one redeveloper exceeds \$20 million/year, the amount will be pro-rated between the redevelopers. Any amount of tax credits that exceeds the \$20 million annual cap shall be carried forward for the benefit of the redevelopers to subsequent years.

### **APPLICATION/APPROVAL PROCEDURE**

A redeveloper may submit an application to the Department of Economic Development (DED). The redeveloper must identify the boundaries of the eligible project area in the application. The department shall verify that the municipal authority held the requisite hearings and gave the requisite notices for such hearings in accordance with the applicable economic incentive act and municipal ordinances.

### **REPORTING REQUIREMENTS**

Redevelopers must submit satisfactory evidence of all acquisition, maintenance, and interest costs to DED annually prior to November 15. If maintenance costs are to be included, DED must post on its website the type and amount of such costs.

### **SPECIAL PROGRAM REQUIREMENTS**

- No tax credits shall be authorized after August 28, 2013. Any tax credits which have been authorized on or before August 28, 2013, but not issued, may be issued, subject to the limitations provided under this subsection, until all such authorized tax credits have been issued.
- Tax credits may be applied against the taxes imposed under chapters 143, 147, and 148, RSMo, except for sections 143.191 to 143.265, RSMo., or any unused portion may be carried forward for credit against the taxes imposed under chapters 143, 147, and 148, RSMo, for the succeeding six years, or until the full credit is used, whichever occurs first. The applicant shall not be entitled to a tax credit for taxes imposed under sections 143.191 to 143.265.
- Unused tax credits may be sold, assigned, or transferred. Such transfer must be submitted to DED on Form MO-TF.

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# MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT (MODESA) MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## **PURPOSE**

Facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure.

## **AUTHORIZATION**

Sections 99.915 to 99.980, RSMo  
(HB 289, 2003)

## **ELIGIBLE AREAS**

"Central business districts" that are either "blighted" or a "conservation area." At least 50% of the buildings must be 35 years old or older. Other restrictions apply.

## **ELIGIBLE APPLICANTS**

Municipalities with an annual median household income of \$62,000 or less.

## **PROGRAM BENEFITS/ELIGIBLE USES**

A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization.

Projects can be "community enhancement" or "job creation." Total project costs and/or new job creation minimums are based on the population of the municipality.

## **FUNDING LIMITS**

- A development project will not receive funds until it generates increment.
- A development project cannot receive more than half of the increased amount of state sales tax and/or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed \$108,000,000. The actual amount available in any year will depend upon the amount actually appropriated by the General Assembly.
- In the event appropriations from the fund are not adequate to cover approved disbursements, projects will receive a pro-rata share of increment.

## **APPLICATION/APPROVAL PROCEDURE**

Municipalities submit an application to the Department of Economic Development (DED), which will forward copies to the Missouri Development Finance Board (MDFB). During the review process, there will be communication and consultation between DED and MDFB staff. DED will present an analysis and recommendation to MDFB. A funding decision will be made by MDFB. If a project is approved for funding by MDFB, DED will issue a Certificate of Approval outlining the terms of the financing. Applications may be submitted at any time of the year, but only after approval of the local development plan, and prior to the commencement of the project (either construction or bond financing).

DED's recommendation for approval by MDFB will be based on criteria that include:

- Meeting all eligibility requirements;
- Demonstrating the need for the public infrastructure in order for the project to occur;
- Demonstrating the need for the funding, such that the projected return on investment by the developer is below market standards without state/local subsidy, and that such subsidy is the least amount necessary to cause the project to occur;
- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Availability of funding based on state appropriations.

## **REPORTING REQUIREMENTS**

An annual report to the DED is required by October 30 each year (99.980.2), and a Business Relocations report is due to DED by the last day of February each year (99.980.1). Failure to file the annual report shall make the municipality ineligible to receive disbursements from the program (99.980.7).



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# MISSOURI RURAL ECONOMIC STIMULUS ACT (MORESA)

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provide financial incentives for public infrastructure for the development of a renewable fuel production facility or eligible new generation processing facility, creating new jobs and agricultural product markets in rural Missouri.

### **AUTHORIZATION**

Sections 99.1000 to 99.1060, RSMo

### **ELIGIBLE AREAS**

A contiguous development area, not encompassing more than 10% of the area of an eligible municipality.

### **ELIGIBLE APPLICANTS**

Any incorporated Missouri city, town, village or county established on or prior to January 1, 2001, having a population of 99,999 or less.

### **ELIGIBILITY CRITERIA**

Projects must be for the creation of a renewable fuel production facility or other eligible new generation processing facility, which:

a) promotes the development of a facility producing either a good derived from an agricultural commodity or using a process to produce a good derived from an agricultural product, with a cost of at least 3 million; or b) promotes business location or expansion with a cost of at least \$3 million, and projected to create at least 30 new jobs.

### **PROGRAM BENEFITS/ELIGIBLE USES**

A portion of the new state and local taxes created by the production facility project may be diverted to fund construction of eligible public infrastructure and related costs for a period of up to 25 years. The local funding must be, at a minimum, 50% of the amount of the new local Economic Activity Tax (sales and utility tax, etc.), and 100% of the amount of the new real property tax created by the project each year, or a comparable amount of local funds from the municipality or a private non-profit organization.

### **FUNDING LIMITS**

- A project must produce a positive tax increment before funds can be received.
- A project may receive up to half of the increased amount of state sales and/or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. Current law provides a maximum \$12,000,000 per year.
- If appropriations are not adequate to cover disbursements, projects receive a pro-rata share of increment.

### **APPLICATION/APPROVAL PROCEDURE**

Municipalities submit an application to the Missouri Agriculture and Small Business Development Authority (MASBDA), which will forward copies to the Department of Economic Development (DED) for a joint investigative and review period of about 60 days. Applicants may receive requests for additional information from either agency. MASBDA will present an analysis and funding recommendation to DED. If a project is to be approved for funding, DED will issue a Certificate of Approval outlining the terms of the financing. Applications may be submitted any time, but only after local approval of the development plan and prior to the beginning of construction or bond financing.

MASBDA's recommendation for funding will be based on criteria that include:

- Meeting all eligibility requirements;
- Demonstrating the need for funding, such that the projected return on investment by the developer is below market standards without state/local subsidy and that such subsidy is the least amount necessary to cause the project to occur;
- Demonstrating the developer and/or the business can successfully implement the project, based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Recognition that availability of funding is based on state appropriations.





### **REPORTING REQUIREMENTS**

By the last day of February each year, the municipality or authority shall report to the Department of Economic Development the specific project information cited in 99.1060.1 & .2 RSMo. A reporting form may be obtained from the Division of Business and Community Services.

### **SPECIAL PROGRAM REQUIREMENTS**

Five years after establishment of the development area and plan, and every five years thereafter, the governing body of the municipality or authority shall hold a public hearing regarding the development. The purpose of such public hearing is described in 99.1060.10 RSMo.

### **CONTACT**

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# STATE SUPPLEMENTAL TAX INCREMENT FINANCING

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Facilitate the redevelopment of blighted areas by providing essential public infrastructure.

### **AUTHORIZATION**

Section 99.800, 99.845.4 - .14, RSMo

### **ELIGIBLE AREAS**

To be eligible for State Supplemental Tax Increment Financing (State TIF), the redevelopment project must meet each of the following:

- The redevelopment project area must be blighted.
- The redevelopment project area must be located in:
  - a state enterprise zone;
  - a federal empowerment zone;
  - an urban core area; or
  - a central business district.
- The zone or blighted area must contain at least one building that is 50 years of age or older.
- The redevelopment project area, over the past 20 years, must have experienced a generally declining population or generally declining property taxes.

### **ELIGIBLE APPLICANTS**

Municipalities.

### **PROGRAM BENEFITS/ELIGIBLE USES**

When local tax increment financing leaves a gap for a redevelopment project, a municipality can apply for a portion of the new state tax revenues created by the project to be disbursed to cover the financing gap for eligible redevelopment costs on the project.

To be eligible for State TIF, the underlying local TIF must dedicate at least 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) revenue and 100% of the amount of the new real property tax revenue created by the project each year for which state TIF is sought.

An applicant may be approved to receive up to 50% of the net new state sales tax revenue (general revenue portion only; excluding dedicated taxes) generated in the project area OR up to 50% of the increase in state income tax revenue from net new jobs in the project area. An applicant cannot receive both.

State TIF may be awarded for a period of up to 15 years (a longer period may be requested, but not to exceed 23 years).

The TIF project funds may be derived from a bond issue (retired with the local and state incremental revenues), or a reimbursement to the developer for eligible costs.

Eligible redevelopment project costs include the following:

- studies, surveys, plans and specifications;
- land acquisition, land preparation;
- rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;
- construction of public works or public improvements;
- professional services, such as architectural, engineering, legal, financial and planning; and
- financing costs, such as expenses of issuance of bonds.

*Any expenditure made prior to approval for State TIF cannot be reimbursed with state funds.*

### **FUNDING LIMITS**

- A redevelopment project will not receive funds until it generates increment.
- A redevelopment project cannot receive more than half of the increased amount of state sales tax or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed \$32,000,000.

### **APPLICATION/APPROVAL PROCEDURE**

Municipalities submit an application to the Department of Economic Development (DED). Applications may be submitted at any time of the year, but only after approval of the local development plan and prior to the commencement of the project (either construction or bond financing).

Both the director of DED and the Commissioner of the Office of Administration must approve a project for the program. If a project is approved for funding, a Certificate of Approval outlining the terms of the financing will be issued.

Criteria to evaluate whether to approve an application for state funding include:

- Meeting all eligibility requirements;
- Demonstrating the need for the proposed project costs in order for the project to occur;
- Demonstrating the need for the state funding, such that the projected return on investment by the developer is below market standards without state/local subsidy, and that such subsidy is the least amount necessary to cause the project to occur;



- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Availability of funding based on state appropriations.

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WORKER TRAINING  
PROGRAMS  
DIVISION OF  
WORKFORCE  
DEVELOPMENT

.....



# COMMUNITY COLLEGE JOB RETENTION TRAINING

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provides assistance in reducing the cost associated with retraining an existing workforce for the purpose of retaining jobs in the state of Missouri through training services:

- Training designed for the specific needs of the industry;
- General occupational skill training.

### **AUTHORIZATION**

Sections 178.760 to 178.764 RSMo (2004)  
Regulations: 4 CSR 195-3.020

### **ELIGIBLE AREAS**

An eligible project may be located anywhere within the state of Missouri.

### **ELIGIBLE APPLICANTS**

Businesses with a sound credit rating currently located in Missouri that have retained at that site the level of employment for at least one year, and a minimum of 100 employees for two consecutive calendar years preceding the year in which the application for the program was made. In addition, the business must make a capital investment of at least one million dollars to acquire long-term assets.

### **ELIGIBILITY CRITERIA**

Businesses applying must be:

- engaged in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products;
- conducting research and development; or
- providing services in interstate commerce.

In addition to being determined at-risk, businesses must also meet one of the following criteria:

- Have made a substantial investment in new technology; or
- Be located in a border county of the state and represent a potential risk of relocation from the state; or
- Be determined to represent a substantial risk of relocation from the state by the Department of Economic Development.

Retail businesses do not qualify for this program.

Other eligibility criteria may apply, such as types of jobs, type of industry and wage rates.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The community colleges, located in twelve districts in Missouri, in cooperation with the Missouri Department of Economic Development through the Division of Workforce Development, administer the program. Funds for training and project costs are generated by using tax credits from the employer's regular withholding taxes that are paid for the employees in the retained jobs. The tax withholding is equal to 2.5% of gross wages for the first 100 jobs, and 1.5% for the remaining jobs in the project. The tax withholding credits for the project are claimed for an average of 4 to 5 years to pay for project costs.

Training assistance can include skill assessments, instructor costs, curriculum development, travel and a variety of other training-related services. On-the-job training expenses are restricted to no more than 50% of a project's training costs. In addition, total expenses for equipment, supplies and travel cannot exceed 25% of a project's training costs. Training may be provided by the company, a local educational agency or a training vendor.

### **FUNDING LIMITS**

Funding for this program is contingent upon the availability of funds. There is a limit on the total amount of outstanding project costs for all Job Retention Training Program projects. In addition, the amount of funds available each year is further controlled by the applicable appropriation.

### **APPLICATION/APPROVAL PROCEDURE**

The appropriate community college will notify the Division of Workforce Development in writing of its intent to submit a Job Retention Training Program Application with an eligible employer. On behalf of the company, the community college will then submit an application for the Job Retention Training Program. Upon approval by the Division, the community college may enter into a formal contract agreement with the company. The community college board of trustees must approve all final project agreements.

Community college contacts may be obtained through the Division of Workforce Development's Industry Training Unit at (800) 877-8698 or e-mail at: [wfdcusto@ded.mo.gov](mailto:wfdcusto@ded.mo.gov)

### **REPORTING REQUIREMENTS**

The community college will assist the company with documenting and submitting all reporting requirements for this program.





### ***SPECIAL PROGRAM REQUIREMENTS***

If applicable, union consultation is required.

This program is subject to "clawback" legislation. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment. The Director of the Department of Economic Development has the authority and discretion to determine any exemptions from the repayment requirement.

Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs retained could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

### ***CONTACT***

Missouri Department of Economic Development

Division of Workforce Development

Business and Industry Services

421 East Dunklin • P.O. Box 1087

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Phone: 573-526-8254 • Fax: 573-522-9496

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**M I S S O U R I**

Department of Economic Development



# COMMUNITY COLLEGE NEW JOBS TRAINING

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

Provides assistance in reducing the cost associated with expanding a workforce or locating a new facility in the state of Missouri through training services:

- Training customized to the specific needs of the industry;
- General occupational skill training.

### **AUTHORIZATION**

Sections 178.892 to 178.896 RSMo (2004)

Regulations: 4 CSR 195-3.010

### **ELIGIBLE AREAS**

An eligible project may be located anywhere within the state of Missouri.

### **ELIGIBLE APPLICANTS**

Businesses with a sound credit rating currently located in or locating to Missouri that are creating a substantial number of new jobs in Missouri by locating a new facility or expanding an existing workforce in Missouri.

### **ELIGIBILITY CRITERIA**

Businesses applying must be:

- engaged in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling products;
- conducting research and development; or
- providing services in interstate commerce.

Retail businesses do not qualify for the program.

Other eligibility criteria may apply, such as types of jobs, type of industry and wage rates.

### **PROGRAM BENEFITS/ELIGIBLE USES**

The community colleges located in twelve districts in Missouri, in cooperation with the Missouri Department of Economic Development's Division of Workforce Development, administer the program. Funds for training and project costs are generated by using tax credits from the employer's regular withholding taxes that are paid for the employees in the created jobs. The amount paid is based on a percentage of the gross wages that have been paid to the employees. The tax withholding is equal to 2.5% of gross wages for the first 100 jobs, and 1.5% for the remaining jobs in the project. The tax withholding credits for the project are claimed for an average of 4 to 5 years to pay for project costs.

Training assistance can include skill assessments, pre-employment training, instructor costs, curriculum development, travel and a variety of other training-related services. On-the-job training expenses are restricted to no more than 50% of a project's training costs. Training may be provided by the company, a local educational agency or a training vendor.

### **FUNDING LIMITS**

Funding for this program is contingent upon the availability of funds. There is a limit on the total amount of outstanding project costs for all New Jobs Training Program projects. In addition, the amount of funds available each year is further controlled by the applicable appropriation.

### **APPLICATION/APPROVAL PROCEDURE**

The appropriate community college will submit a "Notice of Intent" for a potential project to the Division of Workforce Development. The Division will determine company eligibility and review for training duplication. On behalf of the company, the community college will then submit an application for the New Jobs Training Program outlining training details. Upon approval by the Division, the community college may enter into a formal contract agreement with the company. The community college board of trustees must approve all final project agreements.

Community college contacts may be obtained through the Division of Workforce Development's Industry Training Unit at (800) 877-8698 or e-mail at: [wfdcusto@ded.mo.gov](mailto:wfdcusto@ded.mo.gov).

### **REPORTING REQUIREMENTS**

The community college will assist the company with documenting and submitting all reporting requirements for this program.

### **SPECIAL PROGRAM REQUIREMENTS**

If applicable, union consultation is required.

This program is subject to "clawback" legislation. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment of all training assistance received through the program. The Director of the Department of Economic Development has the authority and discretion to determine any exemptions from the repayment requirement.



Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs created could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

## **CONTACT**

### **Missouri Department of Economic Development**

Division of Workforce Development

Business and Industry Services

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**Department of Economic Development**



# CUSTOMIZED TRAINING

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

The program provides assistance to eligible Missouri businesses to reduce training costs and improve productivity.

### **AUTHORIZATION**

Sections 620.470 to 620.480, RSMo (2004)  
Regulations: 4 CSR 195-2.010 to 2.030

### **ELIGIBLE AREAS**

An eligible project may be located anywhere within the state of Missouri.

### **ELIGIBLE APPLICANTS**

Individual businesses creating net new jobs in the state or retraining existing jobs in Missouri as a result of a substantial capital investment.

### **ELIGIBILITY CRITERIA**

The company must be:

- creating new jobs in the state above their peak employment level in the past year; or
- retraining existing employees as a result of a substantial new capital investment.

Other eligibility criteria may apply, such as types of jobs, type of industry and wage rates.

### **PROGRAM BENEFITS/ELIGIBLE USES**

Customized Training is available for businesses to help train their workers through skill training. Skill training may take place in a classroom setting, at the business facility or at one of more than 80 educational facilities throughout Missouri.

This program is administered by the Missouri Department of Economic Development's Division of Workforce Development, in cooperation with the Department of Elementary and Secondary Education. Local educational agencies implement the program locally. Training may include technical or soft skills. Instruction may be provided by local educational agencies, vendor trainers or employees of the business involved. Training assistance may be available for training costs such as curriculum development, instructional salaries, and training materials. The company should consult with the customized training staff or the local educational agency to determine appropriate eligible training costs.

### **FUNDING LIMITS**

Funding for this program is contingent on the availability of funds.

### **APPLICATION/APPROVAL PROCEDURE**

To be determined eligible for training assistance, the business must submit an "Employer Request for Training" application 30 days prior to hiring or incurring training costs. The appropriate local educational agency will assist with preparing and submitting the "Employer Request for Training" application on behalf of the business.

Local educational agency contacts may be obtained through the Division of Workforce Development's Customized Training Unit at (800) 877-8698 or e-mail at: [wfdcusto@ded.mo.gov](mailto:wfdcusto@ded.mo.gov).

### **REPORTING REQUIREMENTS**

The local educational agency will assist the company in documenting and submitting all reporting requirements for this program.

### **SPECIAL PROGRAM REQUIREMENTS**

Only Missouri residents who are full-time, permanent employees are eligible for this program. Full-time jobs are defined as those jobs averaging 35 hours per week or more. Funding is not available for contract or temporary employees. In addition, certain industries and occupations are not eligible for training assistance. Wage requirements must also be met to qualify for assistance.

If the company or its other Missouri sites have workers on active layoff, eligibility may be affected.

If applicable, union consultation is required.

This program is subject to "clawback" legislation. If any jobs for which training assistance has been received are moved out of Missouri or eliminated within five years of the date the project is approved, the company may be responsible for repayment of all training assistance received through the program. The Director of the Department of Economic Development has the authority and discretion to determine any exemptions from the repayment requirement.

Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs created could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state the complete program requirements.



## **CONTACT**

Missouri Department of Economic Development  
Division of Workforce Development

Business and Industry Services

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# DISLOCATED WORKER PROGRAM

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To help permanently laid-off Missouri workers re-enter the work force.

### **AUTHORIZATION**

The Workforce Investment Act of 1998

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Permanently laid-off Missouri workers.

### **ELIGIBILITY CRITERIA**

Those eligible for dislocated worker services include workers permanently laid off from their job due to a work force reduction, business closure, or farm failure and displaced homemakers.

### **PROGRAM BENEFITS/ELIGIBLE USES**

Missouri Career Centers throughout the state provide the following services:

- Assessment of worker's education, experience and skills to determine marketability to the desired work force area;
- Assistance with basic education skills or obtaining a General Equivalency Degree;
- Classroom or vocational training necessary for laid-off workers to re-enter the work force in a new occupation;
- On-the-job training to provide laid-off workers the opportunity to train for a new job while working and earning a paycheck;
- Job development and placement to help laid-off workers find employment in high demand occupations;
- Counseling to help workers overcome the trauma of job loss, loss of health care and other company benefits, strain of financial obligations, family problems, and uncertainties about remaining in their community.

### **FUNDING LIMITS**

Funds are appropriated annually to the state by the U.S. Department of Labor and are available to the extent of the appropriation.

### **APPLICATION/APPROVAL PROCEDURE**

Application for employment services can be made at any Missouri Career Center.

### **REPORTING REQUIREMENTS**

Periodic contacts with Career Center staff until employment goals are met.

### **SPECIAL PROGRAM REQUIREMENTS**

Must be laid off within the past two years or received notice of layoff within the past six months.

### **CONTACT**

Missouri Department of Economic Development  
Division of Workforce Development • Dislocated Worker Unit

421 East Dunklin • P.O. Box 1087

Jefferson City • MO • 65102

Toll Free Phone: 800-877-8698 • Fax: 573-751-5316

E-mail: [employment.programs@ded.mo.gov](mailto:employment.programs@ded.mo.gov) • Web: [www.ded.mo.gov/wfd](http://www.ded.mo.gov/wfd)





# MISSOURI RAPID RESPONSE

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To provide employers and employees who are affected by business closings or cutbacks with information and assistance to help alleviate the unemployment and economic distress that results from these employment actions.

### **AUTHORIZATION**

The Workforce Investment Act of 1998 29 U.S.C. §§ 2801(38), 2864(a)(1)(A) & (2)(A) Regulations: 20 C.F.R. §§665.300 to 665.340

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

All Missouri employers and affected workers.

### **ELIGIBILITY CRITERIA**

Employers who are experiencing or about to experience a reduction of their workforce are encouraged to contact the Division of Workforce Development's Rapid Response Team to develop an effective plan to assist the affected workers. For a list of regional Rapid Response coordinators, go to: <http://www.rapidresponse.ded.mo.gov/documents/coordinators.pdf>

### **PROGRAM BENEFITS/ELIGIBLE USES**

Upon announcement of a business closure or layoff, the Division of Workforce Development's Rapid Response Team will contact the employer to develop a series of meetings with the workers. These meetings will explain the services available to the workers to assist them in finding new employment.

### **THE RAPID RESPONSE TEAM WILL ENSURE THAT:**

- Meetings with the employees are held on site with the cooperation of the employer.
- All agencies are available to the affected workers to give out information and answer questions on their programs. This may include local Workforce Investment Boards, other offices of the Missouri Department of Economic Development, and the Missouri Department of Labor and Industrial Relations.
- Assistance is provided to local communities to assist in responding to the closure or layoff.
- Additional meetings are provided for workers as needed for skill testing and assessment, labor market information and the development of resumes and re-employment plans.

### **CONTACT**

Missouri Department of Economic Development  
Division of Workforce Development • Rapid Response Coordinator

421 East Dunklin • P.O. Box 1087  
Jefferson City • MO • 65102-1087  
Toll Free: 800-877-8698

**E-mail:** Contact the appropriate Rapid Response Coordinator listed at  
<http://www.rapidresponse.ded.mo.gov/documents/coordinators.pdf>

**Web:** <http://rapidresponse.ded.mo.gov>





# WORK OPPORTUNITY TAX CREDIT

## MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### **PURPOSE**

To provide a federal income tax credit to businesses for hiring from eleven targeted groups with barriers to employment.

The Internal Revenue Service specifies that the State Workforce Agency (SWA) is responsible for administering the Work Opportunity Tax Credit Program. The Missouri Department of Economic Development, through the Division of Workforce Development, administers the program in the state of Missouri.

### **AUTHORIZATION**

American Recovery & Reinvestment Act of 2009 (PL. 111-5; "Recovery Act"), Work Opportunity Tax Act of 2007 (PL. 110-28), Tax Relief and Health Care Act of 2006 (PL. 109-432) and Small Business and Working Families Tax Relief Act of 2004 (PL. 108-311)

### **ELIGIBLE AREAS**

Statewide.

### **ELIGIBLE APPLICANTS**

Any private, for profit business

### **ELIGIBILITY CRITERIA**

Qualifying new hires must be from one of the following groups:

- Short-term welfare recipients
- 18-39 year-old food stamp recipients
- Veterans receiving food stamps or a Disabled Veteran
- Vocational rehabilitation referrals
- 18-39 year-old Empowerment Zone or Rural Renewal County (EZ/RRC) residents
- 16-17 year-old EZ recipient hired as summer employees
- Ex-felons
- Supplemental security income recipients
- Long Term Family Assistance Recipient
- Disconnected Youth
- Unemployed Veteran

### **PROGRAM BENEFITS/ELIGIBLE USES**

For all target groups, with the exception of the summer youth employee, disabled veteran and long term family assistance recipient, the tax credit is calculated at 40% of the first \$6,000 of the first year's wages (for a maximum credit of \$2,400) if 400 hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is calculated at 25% of the first \$6,000 of wages (for a maximum credit of \$1,500).

The credit for summer youth employees is calculated at 40% of the first \$3,000 of the first year's wages (for a maximum credit of \$1,200) if 400 hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is 25% of the first \$3,000 of wages (for a maximum credit of \$750).

The tax credit for the Disabled Veteran is calculated at 40% of the eligible employees first \$12,000 in wages for the first year (up to a maximum credit of \$4,800) if 400 hours of employment is reached. For employees who work at least 120 hours, but less than 400 hours, the credit is calculated at 25% of the employees first \$12,000 in wages for the first year (up to a maximum credit of \$3,000).

The credit for the long term family assistance recipient is equal to 40% of the first \$10,000 of the first year's wages (for a maximum credit of \$4,000), and 50% of the first \$10,000 of the second year's wages (for a maximum credit of \$5,000). The maximum amount of credit for the 2 years combined is \$9,000.

### **FUNDING LIMITS**

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year.

### **APPLICATION/APPROVAL PROCEDURE**

The business will submit Form 8850, "Pre-Screening Notice and Certification Request" to the Division of Workforce Development. The form must be postmarked within 28 days of the employee's start date. The business will also submit Form 9061, "Individual Characteristic," or Form 9062 "Conditional Certification," which may be submitted at the same time as the 8850 or at a later date. The Department of Economic Development will review the Forms 8850 and 9061/9062 (both forms must be received before the verification process will begin) to determine the eligibility of the new hire. A certification or denial for the tax credit will be issued by the Missouri Division of Workforce Development.

The forms may be obtained by contacting the Department of Economic Development at (800) 877-8698 or visiting the Department of Labor's website at: [www.doleta.gov/business/incentives/optax/](http://www.doleta.gov/business/incentives/optax/)

The credit can be claimed by filing Form 5884, "Work Opportunity Credit" with the company's income tax return.

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year. In accordance with section 26 U.S.C. 38 the credit has a carry forward of 20 years and a carry back of one year.



Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs retained could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

### **CONTACT**

Missouri Department of Economic Development

Division of Workforce Development

Employer Relations Section

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